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ABSTRACT

This report analyzes the relative capacity for states to provide revenues for state services and the relative effort of each state in levying taxes to pay for those services. Most data presented are for 1977 for the 14 southern states. The heart of the report is found in the 34 tables summarizing tax effort and ability presented in the appendix. The body of the report summarizes 1977 state actions to limit public spending and revenue collection, legislative activity in taxation in 1977 and 1978, a national overview of tax collection from 1967 to 1977, comparisons of effort and ability in 1967 and 1977, comparisons of effort and ability in 1976 and 1977, and the purchasing power of state and local tax effort and ability. The report demonstrates that collections of state and local taxes average \$634 per capita in the southern states, compared with \$820 in the nation, and all 14 of these states fall below the national average in the overall tax effort. The report also determined that property taxes accounted for 17 percent less of total state and local taxes in 1977 than in 1967, both in the United States and in the South and that since 1970, state and local taxes have doubled in the United States. (Author/JM)

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A review of 1977-78 tax
legislative activities

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HIGHLIGHTS

1. In 1978, voters in at least 17 states considered measures to limit taxation or spending by state government. Of the 12 measures which were approved, three were in SREB states--two to limit spending and one to limit taxation.

2. Major shifts in tax patterns have occurred in the past decade. Property taxes accounted for 17 percent less of total state and local taxes in 1977 than in 1967, both in the United States and in the South. Meanwhile, general sales taxes, as a share of the total, have increased 25 percent in the United States and 40 percent in the South, while the share of income taxes has advanced 67 percent in the nation and 40 percent in the South.

3. Since 1970, state and local taxes have doubled in the United States. Adjusting for inflation, this reduces to a 20 percent increase, with an actual decline in real dollars during the recession year of 1975. Since then collections have increased about 5 percent annually (Table L).

4. In 1977, state and local tax effort per \$1,000 of personal income averaged \$123 in the United States, ranging from \$106 in the South to \$142 in the Pacific and Middle Atlantic states (Table 18).

5. Tax effort in relation to tax ability provides a measure of relative tax load. In 1977, the regions of the United States ranged from 79.8 percent utilization in the South to 112.6 percent utilization in the Middle Atlantic states. Southern states ranged from 72.3 percent in Alabama to 97.1 percent in Maryland (Table 16).

STATE AND LOCAL TAX ABILITY
AND EFFORT, 1977

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FOREWORD

This series of annual reports from the Southern Regional Education Board (SREB) has responded to a demand for two kinds of information. First, it has concentrated on differences in levels of revenue realized by states from particular taxes from year to year. Increasingly, it has also served to provide an overall annual update on changing developments in the whole field of state and local finance.

As the authors have stated, "the year 1978 will probably be best remembered for the surge in efforts to limit state and/or local spending and/or tax authority." It is fitting, therefore, that this year's report begins with a discussion of recent state actions to limit the finances of state and local government.

SREB publications for several years have stressed the need for educational leadership to anticipate and prepare to cope with the stringencies which colleges and universities must inevitably experience as a result of spiralling inflation and general public concern about management of resources in the public sector. Responsible administration of state educational systems is a first priority for educational leadership in this regard. Stewardship of the public resources which support colleges and universities is a responsibility which educational leadership shares with state government. This analysis contributes to the better understanding of what constitutes both feasibility and equity in generation of revenues from which those resources are drawn.

Winfred L. Godwin
President

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PREFACE

"Collections of state and local taxes average \$634 per capita in the Southern states, compared with \$820 in the nation, and all 14 of these states fall below the national average in their overall tax effort. Property taxes, for instance, average \$157 per capita in the South, compared to \$387 in the Pacific states." These are some facts from this year's SREB report on taxes. While SREB's attention to the subject of taxes has generally been centered on sources of support for postsecondary education, a discussion of taxes in the year 1979 would be remiss if issues of equity or fairness from the standpoint of the taxpayer were not included.

As the title indicates, the analysis contained in this report has to do with (1) the relative ability or capacity of states to provide revenues for the services which they provide, and (2) the relative effort of each state in levying taxes to pay for those services. The \$634 collected per person in the South in 1977, compares with \$725 in the North Central states (the next lowest region) and \$1,047 in the Pacific states, the highest region (Map 1). Since personal income per capita in the South still averages 10 percent below that of the nation, the average tax effort of a state is somewhat better expressed in dollars per \$1,000 of income. Tax effort, in 1977, thus stated, ranged from \$229 in Alaska to \$97 in Arkansas and Alabama (Map 2). The average for the South was \$106--at one end of the national range--with the Middle Atlantic states at the other end (\$143 per capita).

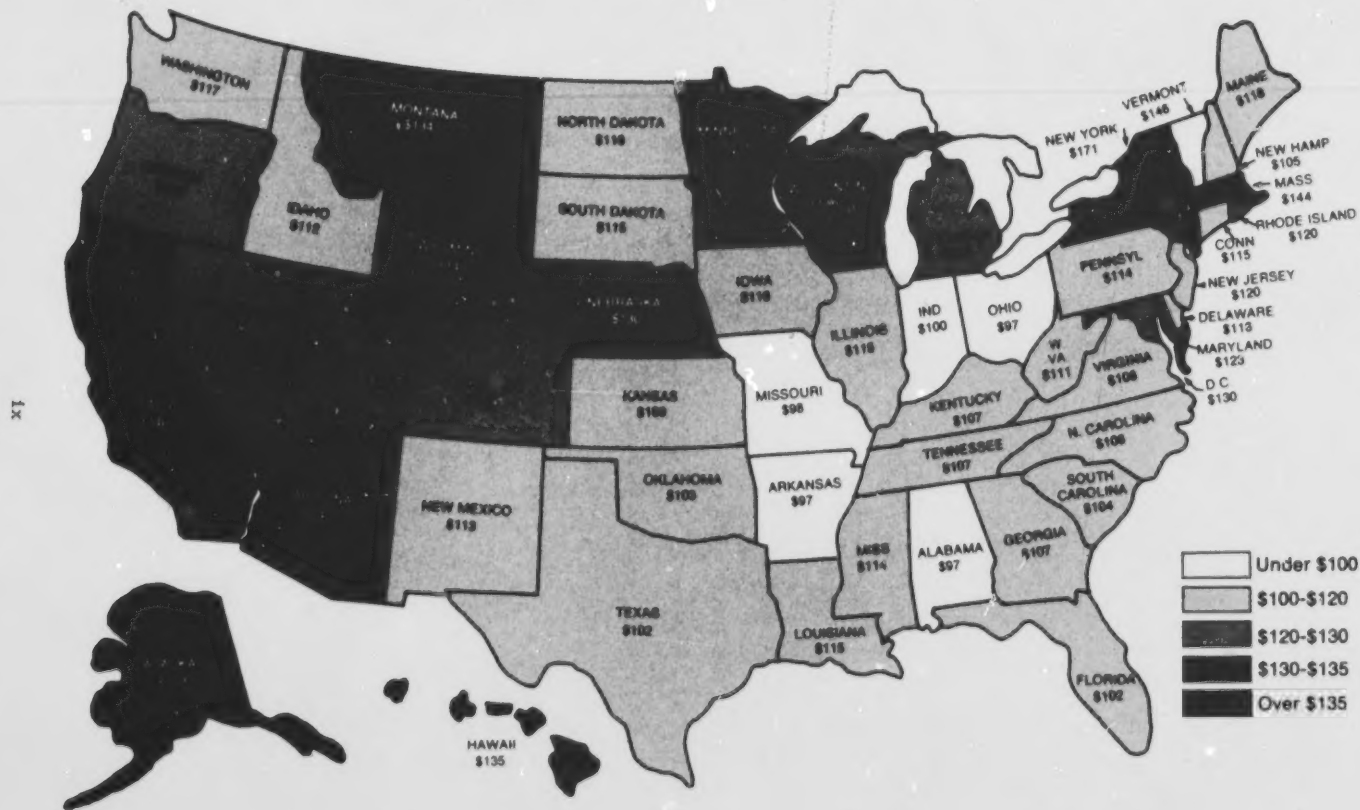
MAP 1
STATE AND LOCAL PER CAPITA TAX EFFORT IN FISCAL 1977



SOURCE: Table 18 of this report.

MAP 2

STATE AND LOCAL TAX EFFORT PER \$1,000 OF PERSONAL INCOME IN FISCAL 1977



SOURCE: Table 18 of this report.

This entire series of tax analyses by Dr. Quindry and his colleagues has measured each state's rate of yield from a particular tax by comparison with the average yield which that tax brings in the nation. They have referred to below average yields as "underutilization" and to above average yields as "overutilization." In this comparative sense, every state "overutilizes" some of its taxes and "underutilizes" all others, depending on its particular taxing pattern.

When these "above average" and "below average" yields are summed up for a state they result in a net utilization which is either "over" or "under." The South is the only region in the country where tax capacity, thus measured, is found to be underutilized in every state of the region (Table A). From the standpoint of revenue needs for state services, this may be a matter of public concern. From the standpoint of a citizen contemplating his tax payments, "underutilization" by his state will at first blush be viewed as a private blessing.

While the so-called tax revolt of the past year has been largely fueled by the momentum which California's Proposition 13 contributed, Southern states have been reluctant to follow that particular lead. This is not surprising, since property taxes--the target of Proposition 13--generally constitute the largest source of "below average" or underutilization in the Southern states. General property taxes in the South averaged \$157 per capita in 1976, compared to \$266 in the United States and \$387 in the Pacific states. Instead, efforts toward general limitation of taxing or spending authority have been pursued--as in Tennessee, which has passed a constitutional

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TABLE A
OVER- AND UNDERUTILIZATION OF TAXES
BY REGION, 1977
(Dollars in Thousands)

Region	Overutilization		Underutilization		Net Over/Under- utilization
	Amount	Number of States	Amount	Number of States	
New England States	\$ 881,364	2	\$ 458,034	4	\$ -423,330
Middle Atlantic States	6,354,705	1	1,991,377	3	-4,363,328
North Central States	603,029	3	5,638,388	9	5,035,359
SREB States	0	0	10,566,442	14	10,566,442
Mountain States	118,235	1	1,189,858	8	1,071,623
Pacific States	3,626,879	3	381,435	2	-3,245,444
District of Columbia	32,078	1	--	--	-32,078
TOTAL	\$ 11,616,290	11	\$20,225,534	40	\$ 8,609,244

SOURCE: Table 12.

amendment requiring that state appropriations be held to the level of growth in the state's economy. While such controlling measures have public appeal, it may be argued that they do not come to grips with questions of the overall fairness of the ways in which a state actually raises its revenue.

One way in which the question of fairness in tax patterns may be approached is through the comparison of state tax profiles (Tables 20-33). These profiles (summarized for the region in Table B) display for each state the amount in dollars which is contributed by each tax, either to the state's total over- or total underutilization, compared to average utilization. Since the taxpayer is affected in varying degree by the various types of taxes, examination of the profile applying to his own state should prove instructive to the resident of any state, either in his role as taxpayer, or as beneficiary of public services, or as citizen concerned with maximizing the public good.

One way to summarize tax patterns for the region is to array taxes in order of their frequency of "above average" or "below average" utilization (Table C). The taxes most frequently utilized "above average" (13 of the 14 states) in the South in 1977 were selective and gross receipts taxes on insurance. These were followed, in order of frequency, by motor fuel taxes (11 states), alcoholic beverages sales and receipts taxes (10), sales and receipts taxes on tobacco (9), and general sales and gross receipts taxes (8). Almost two-thirds of the total revenues from these five widely "over-utilized" taxes were collected in the form of general sales and gross receipts taxes.

TABLE 8
UTILIZATION OF STATE AND LOCAL TAX ABILITY,
SREB STATES, 1977

TYPE OF TAX	AMOUNT COLLECTED DUE TO ABOVE AVERAGE RATE	AMOUNT COLLECTED DUE TO BELOW AVERAGE RATE	NET AMOUNT COLLECTED ABOVE (BELOW) YIELD COLLECTIBLE AT AVERAGE RATE
GENERAL SALES AND GROSS RECEIPTS	\$ 1,085,140,000	\$ 903,294,000	\$ 181,846,000
SELECTIVE SALES AND GROSS RECEIPTS			
ALCOHOLIC BEVERAGES	390,470,000	52,260,000	338,211,000
TOBACCO PRODUCTS	175,556,000	175,064,000	492,000
INSURANCE	103,105,000	12,384,000	90,721,000
PUBLIC UTILITIES	656,548,000	213,095,000	443,454,000
OTHER	496,798,000	127,261,000	369,537,000
STATE ESTATE AND GIFT	11,459,000	185,764,000	-174,304,000
GENERAL PROPERTY		5,723,419,000	-5,723,418,000
INDIVIDUAL INCOME	459,783,000	5,250,955,000	-4,791,171,000
CORPORATE INCOME		1,183,977,000	-1,183,976,000
STATE ALCOHOLIC BEVERAGE LICENSE	7,369,000	18,231,000	-10,861,000
NOTES VEHICLE LICENSE	127,295,000	271,194,000	-143,897,000
NOTES FUEL	216,447,000	263,713,000	-47,266,000
SEVERANCE	375,717,000	270,764,000	104,954,000
TRANSFER	101,354,000	122,108,000	-20,753,000
TOTAL	\$ 4,207,041,000	\$ 14,773,481,000	

NET UNUTILIZED POTENTIAL EXCESS
OF BELOW AVERAGE YIELDS OVER
ABOVE AVERAGE YIELDS

\$ 10,566,440,000

ALL NOTES AND FOOTNOTES ARE ON PAGE 108.

TABLE C

UTILIZATION OF MAJOR TAXES BY SOUTHERN STATES,
1977 AND 1968

Tax	Utilization by States			
	Number of States Above Average		Number of States Below Average	
	1977	1968	1977	1968
Insurance Sales and Receipts	13	12	1	2
Motor Fuel	11	12	3	2
Alcoholic Beverage Sales	10	9	4	5
Tobacco Sales and Receipts	9	8	5	6
General Sales and Receipts	8	9	6	5
Public Utility Sales and Receipts	6	5	8	9
Alcoholic Beverage License	4	0	10	14
Motor Vehicle License	4	6	10	8
Transfer	4	0	10	14
Severance	3	3	11	11
Individual Income	2	4	12	10
Death and Gift	1	0	13	14
General Property	0	0	14	14
Corporate Income	0	4	14	10

All other major state taxes were more frequently utilized "below average" rather than "above average" in the Southern states in 1977. Beginning with sales and receipts taxes on public utilities (8 of the 14 states), the list extends through state alcoholic beverage licenses (10 states), motor vehicle licenses (10), transfer taxes (10), severance taxes (11), individual income taxes (12), state death and gift taxes (13), general property taxes (14), and corporate income taxes (14). General property and the two types of income taxes account for three-fourths of all revenues realized in the South from these nine types of taxes which are most frequently utilized "below average."

The general pattern of utilization has remained fairly constant during the past decade, with the major exception that individual and corporate income taxes, each of which had been utilized "above average" by four states in 1968, were utilized "below average" by all 14 in 1977. At both points in time, it is evident that Southern states have favored emphasis upon what are generally regarded as regressive taxes, as opposed to those taxes which, in theory at least, are thought to be progressive--in the sense that percentage of income paid through such taxes increases as the income of the taxpayer increases. The trend, moreover, seems to be toward even less utilization of corporate and individual income taxes--and toward greater reliance upon general and selective sales taxes.

The overutilization of property taxes in states like California has had a major part in sparking varied efforts to reform taxation and public expenditure policies in the states today. Close attention to the fairness of

varying combinations of tax measures in each of the states may, however, be viewed as a promising alternative to "meat-ax" approaches to tax reform, whether by limitations on the generation of revenues or on overall volume of appropriations by state governments.

This analysis offers several kinds of information which can be useful in evaluation of state and local tax patterns. It opens with a review of recent actions by the states which provide a nontechnical overview for the general reader. The sections on "effort and ability" present an analytical treatment which new readers may find more useful after first turning to the appendix section entitled "Methodological Notes."

To those who are already familiar with the concepts of over- and under-utilization or "above and below average" rates of collection, the heart of this report is to be found in the detailed tables beginning with Table 1 in the Appendix. Of particular interest to readers who wish to compare general patterns of taxation in the South are the state profiles (Tables 20-33).

Attention should be called to several comparative devices which are often referred to from this series: Table 13 provides for each state and region a percentage distribution showing the pattern of tax collections by type of tax. Table 14 includes a column which ranks states according to a "tax burden index" (state and local taxes as a percentage of personal income, divided by the per capita personal income of the state). Table 16 has a column showing "percentage of tax ability utilized." The latter is meant to be an objective index of effort by a state in relation to its aggregate ability, while the "tax burden index" takes into account, not only total

income of the state, but also the income distribution of its population, and is therefore a more sensitive indicator of the impact which taxes may impose upon the average individual.

Attention is called to a recent publication of the National Institute of Education, Tax Wealth in Fifty States by D. Kent Halstead, which applies the concept of under- and overutilized taxes. Although the data in Halstead's analysis are for 1975, rather than 1977, it is a useful supplement to the present analysis, not only for its well-designed graphic presentations of state tax profiles but, particularly, because of the breakdown of data on property taxes, showing (1) residential, (2) commercial and industrial, (3) farm, and (4) public utilities taxes separately. In a time of much discussion about property tax relief, it may be of considerable interest to note state-to-state differences or similarities in rates applied to the respective property categories.

STATE AND LOCAL TAX EFFORT AND ABILITY, 1977

RECENT STATE ACTIONS TO LIMIT THE PUBLIC SECTOR

The year 1978 will probably be best remembered for the surge in efforts to limit state and/or local spending and/or taxing authority. While the drive can be said to have begun in California (Proposition 13) in 1973, these efforts were generally unsuccessful until 1978. In March voters in Tennessee, and in June voters in California approved constitutional amendments to limit the government sector. Several other states (including Arizona, Colorado, Michigan, Nebraska and New Jersey) have passed statutory limiting provisions.

The constitutional amendments in Tennessee and California are being widely copied in several other states. The major limitations of these provisions are described below.

In March 1978, Tennessee voters overwhelmingly approved a constitutional amendment to limit annual growth in state appropriations from state taxes to the estimated rate of growth of the state's economy. The legislature is empowered to override the limitation in the event of extreme need. The amendment went into effect upon passage and the General Assembly is currently developing legislation to implement the measure. Among the many as yet unsettled issues in this rather general amendment, two major definitional problems remain unsettled: the definitions of "taxes" and "economic growth."

California voters approved the Jarvis-Gann Amendment (Proposition 13) in June 1978. It limits real property taxes to 1 percent of the full value

of taxable property except for levies to pay for indebtedness previously approved. Assessed values are based on the 1975-76 period and cannot exceed an increase of 2 percent per year except for sales and newly-constructed properties which will be appraised at market value or cost. This amendment became effective on July 1, 1978. It has prompted a substantial shifting of financing responsibility from the local authorities to state authorities, since property taxes will be reduced an average of 57 percent.

The programs limiting fiscal authority are difficult to categorize. The limitations can be either constitutional or statutory; most are extremely general in nature but go beyond just requiring a balanced budget. All constitutional provisions have "escape" clauses of varying effectiveness, providing a method for meeting emergency situations. Most operate on the philosophy of current budget balance, with special provisions for capital expenditures and debt service. Legislative limitations, of course, are subject to annual or biennial review and revision.

One type of restraint attempts to stabilize the ratio of the public to the private sector by limiting taxation (or expenditures) or its growth to some percentage of the economy (or to economic growth). This is best represented by Tennessee's Proposal 9 and Michigan's Headlee Amendment.¹ Other restraints would actually reduce the ratio of the public to the private

1. In Tennessee appropriations of out-of-state taxes are limited to the growth of the state's economy by constitutional amendment. In Michigan's Headlee Amendment revenues will be limited to a fixed percentage of the state's personal income.

sector. This type is characterized by California's Proposition 13 and several other Proposition 13-like proposals.

One type of restraint limits expenditures (Tennessee, Proposal 9); another, revenues (California's Proposition 13). The goal is the same and one seems no more advantageous than the other. These two examples also represent a third way to characterize the limitations. Tennessee's proposal limits state expenditures and California's, local taxation. Proposed constitutional amendments in Colorado and Michigan would have limited both state and local fiscal authority.² Because state and local finances are so intimately interrelated, limiting one level and not the other may seem only to shift financing responsibility.

Finally, the limits can be classified as tight (California) or loose (Tennessee). Loose limits are flexible enough to reflect changes in population, real growth, and inflation, and in perceived state and local needs. They also tend to maintain the relative size of the public sector, while tight limits may actually reduce it.

At least 17 states had tax cut or spending limitations on their ballots on November 7, 1978. Twelve proposals won voter approval. Major rejections were:

2. Growth in basic per capita expenditures of state and local governments would be limited to the growth in the consumer price index in Colorado. For Michigan, the Tisch Amendment would reduce property taxes and the Headlee Amendment would limit state spending to a percentage of personal income and permit property taxes to grow at the rate of inflation. The Colorado Amendment and the Tisch Amendment in Michigan were rejected by the voters.

- (1) In Colorado, voters rejected a proposal to limit the increase in state and local spending to the increase in the consumer price index.
- (2) Arkansas voters rejected a measure exempting drugs and groceries from the general sales taxes.
- (3) Oregon voters rejected a proposal to give tax reductions to landowners and renters.
- (4) Proposition 13-type proposals were defeated in Michigan (Tisch Amendment) and Oregon.
- (5) A voucher amendment to change the system of school financing was defeated in Michigan.
- (6) In Nebraska, a constitutional amendment limiting subdivisions to a five percent annual spending increase was defeated.

Major approvals were:

- (1) Proposition 13-type proposals were approved in Idaho and Nevada.
- (2) Proposal 9-type proposals were approved in Hawaii, Michigan (Headlee Amendment), and Texas.
- (3) A measure to cut state income taxes was passed in North Dakota.
- (4) In South Dakota, voters approved an amendment that would require a two-thirds vote of the legislature or a referendum to raise taxes.
- (5) Nebraska voters approved a spending limit.
- (6) In Illinois, the referendum was advisory only, asking the voters if they favored tax/spending limitations.
- (7) Measures in Alabama, Massachusetts, and Missouri were aimed at blunting future tax hikes.

The pressures for fiscal restraint will doubtless lead to a slowdown in the growth of state and local tax collections. Local limitations may accelerate the shift of the tax effort from local to state taxes--away from

property taxes to general sales and income taxes. State limitations may restrain state financial assistance to local jurisdictions. If the current impetus toward taxing and spending limitations continues, it will signal a major retreat from the long-term trend in which the public sector grew more rapidly than the private sector. Inflexible limitations may force officials to resort to unsavory accounting and budgeting practices or to other "escape" mechanisms that defeat the purposes of the lids. Specific percentage-growth lids also tend to become minimums rather than maximums. However, voters seem to have used responsible restraint in most states. The adoptions generally indicated a desire to limit growth rather than to stop it or to reverse the trend.

LEGISLATIVE ACTIVITY IN TAXATION, 1977 AND 1978

Major Legislative Actions, 1977

It must be kept in mind in reviewing the statistics that legislative actions taken in 1977 to alter tax collections by changing either tax rates or bases will have a negligible effect on tax collections in fiscal year 1977. Most calendar year 1977 tax changes should be fully effective in fiscal year 1978, and major changes could substantially influence tax performance in that and future years.

A brief review of significant tax actions taken by the states in 1977 is given below. No attempt is made to detail the numerous tax changes having only a slight impact on future revenue collections.

General Sales Taxes

During 1977 most states held the line on sales tax increases. Only three states increased the general sales tax rates: Missouri, Maryland, and Nebraska. In the case of Nebraska, the rate increase was only temporary and is scheduled to return to its former level in 1978. At present, 22 states wholly or partially exempt food from the general sales tax and 37 exempt prescription drugs. Many states took action in 1977 to exempt other items from the sales tax:

- (1) Connecticut reduced the sales tax on machinery purchases, and New Jersey exempted manufacturing machinery entirely.
- (2) Arizona, Connecticut, and Maine created or expanded exemptions for energy-saving purchases.
- (3) Idaho and Missouri exempted pollution control facilities.
- (4) In Washington, voters approved Initiative 345, which exempts most food products effective July 1, 1978.
- (5) Kentucky, Ohio, Maine, and New York lowered rates and/or exempted residential utility bills.
- (6) Tennessee expanded the sales tax base to include out-of-state sales of enriched uranium.

Individual Income Taxes

- (1) Connecticut amended the capital gains and dividends tax to make the rates progressive rather than a constant percentage.
- (2) Kansas made rates progressive above incomes of \$7,500.
- (3) New York lowered rates for those taxpayers making \$25,000 or more, increased standard deductions and personal exemptions.
- (4) North Carolina, North Dakota, Colorado, Arizona, California, Oklahoma, and Oregon now allow an income tax credit or deduction for the installation of energy conservation devices. Kansas allows an income tax exclusion for insulation purchases.

- (5) Idaho increased the personal exemptions for senior citizens, and Mississippi increased the standard deduction.
- (6) Maine lowered tax rates for middle-income taxpayers and Minnesota raised the income subject to taxing at the highest rates, but also increased the low-income credit.
- (7) Pennsylvania raised income tax rates.
- (8) Wisconsin increased low-income allowances.

The above actions, especially in states adjusting rates, will have some effect on the burden distribution as well as total collections.

Corporation Income Tax, 1977

- (1) Delaware, New Hampshire, and Pennsylvania raised corporate income tax rates.
- (2) Nebraska lowered corporate tax rates.
- (3) Michigan increased the single business tax exemption, altered computation of the tax base, and added exemptions and credits, effective for all tax years starting in 1976.
- (4) Louisiana replaced flat corporate tax rates with progressive rates.
- (5) New York City was authorized to lower corporate tax rates after 1977.

Motor Fuels Taxes were increased in seven states during 1977. They were Montana, New Hampshire, North Dakota, Nebraska, South Carolina, Delaware, and Washington. Only 11 states have maintained constant gasoline tax rates over the past 10 years.

In Washington, voters approved the nation's first variable motor fuels tax. After January 1, 1978, the rate will fluctuate between 9 and 12 cents a gallon, indexed to the average retail price of gasoline sold in the state.

Cigarette Tax rates were increased in Arkansas, Colorado, Florida, Indiana, and South Carolina.

Other Taxes

- (1) Motor vehicle license fees were increased in Florida, Maryland, North Dakota, and Washington.
- (2) Alcoholic beverage tax rates were increased in Florida, Indiana, Kansas, Montana, Nebraska, Oregon, and Virginia. Tennessee passed a new tax on wine.
- (3) Eight states increased the homestead exemption for the elderly, veterans, and low-income families: Oregon, Maryland, New Jersey, Nevada, Maine, Iowa, North Carolina, and Utah.
- (4) Exemptions under the inheritance tax were increased in six states: Montana, Colorado, North Carolina, South Dakota, Indiana, and Hawaii.
- (5) Alabama, Colorado, North Dakota, Oklahoma, Oregon, South Dakota, and Wyoming enacted new severance taxes, and rates for existing severance taxes were increased in Alaska, Arkansas, Florida, New Mexico, and Oregon.
- (6) Delaware increased the gross receipts tax on merchants and manufacturers.
- (7) Florida and the District of Columbia enacted new taxes on hotel and motel receipts.
- (8) Property tax "circuit breaker" programs were expanded in California to all homeowners with incomes below \$12,000 and renters with incomes of less than \$5,000.
- (9) California, New Jersey, and Florida allowed elderly homeowners to defer part of the property taxes on their homes until the homes are sold.
- (10) Several states took actions to reduce or exempt property taxes on energy-saving devices and facilities. New Jersey and New Hampshire authorized local governments to exempt wind-powered energy systems. Connecticut exempted solar heating and cooling systems. New York exempted solar and wind-powered energy systems.

Major Legislative Actions, 1978

The year 1978 was characterized by a move toward lower tax rates and increasing credits, exemptions, and deductions. Twelve states enacted broad-based tax relief measures, while in many others important constitutional amendments aimed at tax reform or spending limitation appeared on the ballot in November. The year was highlighted by voter approval of the Jarvis-Gann Amendment to roll back property taxes in California and a constitutional state spending limit in Tennessee. A section detailing this important trend precedes this summary of major tax changes for the year.

- (1) Only three states authorized increases in general sales taxes. South Dakota increased rates, while the legislature in Nebraska authorized increases in the local sales tax. In Texas, a local sales tax was initiated in the Houston Metropolitan Area to support a regional mass transit system. In New Mexico, sales tax rates were reduced, while Mississippi and Texas exempted residential fuel bills from the state sales tax. New Jersey, Tennessee, and Massachusetts exempted new energy systems from the sales tax.

- (2) One state, Rhode Island, increased personal income tax rates in 1978. As part of an extensive tax reform package, both Colorado and California have indexed their income tax rates, exemptions, and deductions to changes in the consumer price index. Vermont repealed the 9 percent surtax on income, and New Mexico lowered income tax rates. Indiana, Hawaii, and Colorado increased the personal exemption, while Alaska and the District of Columbia increased credits. California gave a one-time exemption of up to \$100,000 for capital gains from selling a home, and three states created new deductions or credits for the installation of energy-saving devices.

Colorado repealed the 2 percent surtax on dividend and interest income, and Tennessee increased the exemption for the elderly, under the income tax, on interest and dividends. In California, the Supreme Court upheld a local privilege tax on employment.

- (3) Voters rejected proposed gasoline tax increases in Missouri and Oregon. The tax rate was lowered in Delaware and increased in Utah. Gasoline and diesel fuel rates were increased in Michigan.
- (4) Eight states increased certain exemptions under inheritance and gift taxes, and five states expanded the homestead exemption under the property tax. Tennessee took steps to reduce drastically its inheritance taxes due in 1980 by increasing the exemptions.
- (5) Two more states, Virginia and Colorado, now allow elderly homeowners to defer part or all of their property tax liability until their homes are sold.
- (6) Virginia authorized a local severance tax, and Louisiana passed a new severance tax on natural gas used or transported through the state but currently untaxed.

A NATIONAL OVERVIEW, 1967 TO 1977

From 1967 to 1977 state and local tax collections increased from \$61.5 billion to \$177.5 billion, an increase of 188.5 percent (Table D). As in past years, taxes based on income proved to be the most elastic, that is, responded most promptly to expansion of the economy. General sales taxes, property taxes, and selective sales taxes followed in growth percentages in that order. Because of the differing growth rates (which resulted from the difference in responsiveness to economic growth and legislative action), income taxes are becoming more significant sources of revenue. For example, corporation and individual income taxes accounted for 21.65 percent of total taxes in 1977 and 14.25 percent in 1967, whereas property taxes decreased from 42.55 percent to 35.23 percent of total collections.

Property tax growth remained fairly constant from 1974 to 1977 (about 9.7 percent annually). The tax base was somewhat eroded by various types

TABLE D
STATE AND LOCAL TAX COLLECTIONS
SELECTED YEARS, 1967 - 1977
BY MAJOR TAX SOURCE AND TOTAL
(In Millions)

Year	General Sales and Gross Receipts Taxes	Selective Sales and Gross Receipts Taxes	General Property Taxes	Income Taxes		Motor Fuels Taxes	Motor Vehicle License Taxes	Total Taxes
				Individual	Corporation			
1967	\$10,104	\$ 5,341	\$26,186	\$ 5,775	\$2,227	\$4,856	\$2,299	\$ 61,532
1970*	16,078	8,366	34,083	10,795	3,756	6,318	2,904	88,351
1972	20,292	10,971	42,132	15,234	4,401	7,272	3,334	110,392
1974	26,314	12,638	47,759	19,465	6,040	8,278	3,755	132,500
1976	32,044	14,664	57,002	24,490	7,328	8,728	4,366	158,426
1977	36,313	15,982	62,534	29,200	9,230	9,163	4,597	177,492
Percentage Growth								
1967 - 1977	259.4%	199.2%	138.8%	405.6%	314.4%	88.6%	100.0%	188.5%
1974 - 1976	21.8	16.0	19.4	25.8	21.3	5.4	16.3	19.5
1976 - 1977	13.3	9.0	9.7	19.2	26.0	5.0	5.3	12.0

* The District of Columbia statistics on tax collections are included from 1970. Prior to 1970, nonallocable selective sales and gross receipts taxes were entered as "other and unallocable taxes"; in 1970 and after, as "other selective sales and gross receipts taxes."

SOURCE: Kenneth E. Quindry and Niles Schoening, State and Local Revenue Potential, 1976, Table A; and Tables 1-11 of this report.

of homestead exemptions and increased business tax exemptions. Taxes based on income and general sales increased significantly in 1977, as did motor vehicle-related taxes since fuel shortages faded, at least temporarily, and price changes moderated.

Over the 11-year period, growth in tax collecting ability³ (181.3 percent) was somewhat less than growth in collections (188.5 percent), indicating a mild increase in the use of tax ability (Table E). In the past three years, however, the increases in effort and ability were very similar. As a result of this parallel movement, underutilization as a percentage of ability has remained constant, though both have grown significantly (as have collections also).

EFFORT AND ABILITY, 1976 AND 1977

From 1976 to 1977 tax collections (effort) and unutilized ability increased about equally for the nation but varied somewhat by region (Table F). The New England region reduced its overutilization while the opposite was true in the middle Atlantic and the Pacific regions. Growing amounts of underutilization are evident in the North Central, the SREB, and the Mountain regions. The District of Columbia moved from an underutilization to an overutilization position. With the exception of the New England regions and the District of Columbia, all regions tended to use their ability less fully in 1977 than in 1976.

3. For definitions of terms and procedures used in this analysis, the reader is referred to the methodological notes.

TABLE E
STATE AND LOCAL TAX ABILITY
SELECTED YEARS, 1967 - 1977
BY MAJOR TAX SOURCE AND TOTAL
(In Thousands)

Year	General Sales and Gross Receipts Taxes	Selective Sales and Gross Receipts Taxes	General Property Taxes	Income Taxes		Motor Fuels Taxes	Motor Vehicle License Taxes	Total Ability
				Individual	Corporation			
1967	\$10,653	\$ 5,254	\$26,326	\$ 8,354	\$ 3,140	\$4,869	\$2,304	\$ 66,157
1970	16,391	8,880	34,082	13,208	4,467	6,318	2,904	91,903
1972	20,696	11,111	42,132	18,620	4,762	7,272	3,334	114,788
1974	26,854	12,789	47,759	23,004	6,510	8,278	3,755	137,620
1976	32,710	14,867	57,002	30,203	7,953	8,728	4,366	166,133
1977	37,066	16,163	62,535	35,383	10,032	9,163	4,597	186,101
Percentage Growth								
1967 - 1977	247.9%	207.6%	173.5%	323.5%	219.5%	88.2%	99.5%	181.3%
1974 - 1976	21.8	16.2	19.4	31.3	22.2	5.4	16.3	20.7
1976 - 1977	13.3	8.7	9.7	17.2	26.1	5.0	5.3	12.0

SOURCE: Kenneth E. Quindry, William A. Perry, Irma Perry, Taxes and Higher Education: A Look at Actual and Potential Revenues, 1961-1974 (Atlanta: Southern Regional Education Board, 1976), Table 9; Quindry and Schoening, op. cit., Tables 1-11; and Tables 1-11 of this report.

TABLE F
TAX EFFORT AND NET UNUTILIZED ABILITY,
BY REGION, 1976 AND 1977,
WITH PERCENTAGE CHANGE
(Amounts in Millions)

Region	Tax Effort		Percentage Change	Unutilized Ability		Percentage Change
	1976	1977		1976	1977	
New England States	\$ 9,906	\$ 10,956	10.6%	\$ -500	\$ -389	-22.2%
Middle Atlantic States	35,060	38,874	10.9	-3,735	-4,213	12.8
North Central States	40,265	44,923	11.6	4,848	5,026	3.7
SREB States	37,329	41,733	11.8	8,809	10,351	17.5
Mountain States	8,480	9,615	13.4	927	1,054	13.7
Pacific States	26,736	30,623	14.5	-2,692	-3,185	18.3
District of Columbia	649	767	18.2	51	-35	--
TOTAL	\$158,426	\$177,492	12.0	\$7,707	\$8,609	11.7

NOTE: Columns may not add to totals because of rounding.

SOURCE: Kenneth E. Quindry and Niles Schoening, State and Local Revenue Potential, 1976, Table 21; and Table 16 of this report.

Both ability and effort increased the most in the Pacific region, followed by the Mountain and the SREB regions, with lesser growth in the New England, the North Central, and the Middle Atlantic regions.

Tables G through K present data on regional variations in collections and underutilization for five major tax sources in 1976 and 1977. Regional patterns change slowly, but the tax base continued to shift west and south from the east coast and the plains states.

General Sales and Gross Receipts Taxes (Table G)

Collections increased by 13.3 percent, as did ability. Underutilization increased to \$754 million. Overutilization decreased in the SREB region mildly and increased in the Mountain and Pacific regions. The East Coast and Plains states continued to underutilize these taxes significantly in 1977.

Selective Sales and Gross Receipts Taxes (Table H)

Collections increased by 9 percent to \$15.982 billion and underutilization decreased by 11.3 percent to \$180 million. This indicates a slightly fuller utilization of these tax sources. Ability increased by 8.7 percent and utilization by 9.0 percent. Overutilization increased significantly in the SREB region, as did underutilization in the North Central and Pacific regions.

Property Taxes (Table I)

This tax source was increasingly overutilized in the New England, the Middle Atlantic, and the Pacific regions, and less overutilized in the Mountain region in 1977 than in 1976. On the other hand, it was increasingly underutilized in the North Central and the SREB regions.

TABLE G

STATE AND LOCAL GENERAL SALES TAXES, COLLECTIONS AND UNUTILIZED ABILITIES
BY REGION, 1976 AND 1977, WITH PERCENTAGE CHANGE
(Amounts in Millions)

Region	Tax Collections			Unutilized Ability		
	1976	1977	Percentage Change	1976	1977	Percentage Change
New England States	\$ 1,181	\$ 1,369	15.9%	\$ 731	\$ 796	8.9%
Middle Atlantic States	5,938	6,356	7.0	299	645	15.7
North Central States	7,801	8,891	14.0	1,242	1,237	-0.4
SREB States	9,007	10,266	14.0	-188	-182	-0.3
Mountain States	2,035	2,388	17.3	-277	-368	32.9
Pacific States	5,963	6,901	15.7	-1,169	-1,384	18.4
District of Columbia	117	141	-20.5	27	10	-63.0
TOTAL	\$32,044	\$36,313	13.3	\$ 666	\$ 754	13.2

NOTE: Columns may not add to totals because of rounding.

SOURCE: Quindry and Schoening, op. cit., Table 1; and Table 1 of this report.

TABLE H
STATE AND LOCAL SELECTIVE SALES TAXES, COLLECTIONS AND UNUTILIZED ABILITY,
BY REGION, 1976 AND 1977, WITH PERCENTAGE CHANGE
(Amounts in Millions)

Region	Tax Collections			Unutilized Ability		
	1976	1977	Percentage Change	1976	1977	Percentage Change
New England States	\$ 969	\$ 1,090	8.4%	\$ 102	\$ -106	3.9%
Middle Atlantic States	2,899	3,097	6.8	-71	-44	38.0
North Central States	3,247	3,480	7.2	853	936	9.7
SREB States	5,052	5,640	10.4	-1,053	-1,242	17.9
Mountain States	805	905	12.4	-8	-24	200.0
Pacific States	1,611	1,715	6.5	563	691	22.7
District of Columbia	86	88	2.3	21	-30	--
TOTAL	\$14,664	\$15,982	9.0	\$ 203	\$ 180	-11.3

NOTE: Columns may not add to totals because of rounding.

SOURCE: Quindry and Schoening, op. cit., Table 2 and Table 2 of this report.

TABLE I

STATE AND LOCAL PROPERTY TAXES, COLLECTIONS AND UNUTILIZED ABILITY,
BY REGION, 1976 AND 1977, WITH PERCENTAGE CHANGE
(Amounts in Millions)

Region	Tax Collections			Unutilized Ability		
	1976	1977	Percentage Change	1976	1977	Percentage Change
New England States	\$ 4,674	\$ 5,171	10.6%	\$-1,341	\$-1,519	13.3%
Middle Atlantic States	12,881	13,913	8.0	-2,011	-2,102	4.5
North Central States	15,257	16,410	7.6	502	677	34.9
SREB States	10,186	11,290	10.8	5,183	5,723	10.4
Mountain States	2,739	3,101	13.2	326	307	-5.8
Pacific States	11,118	12,484	12.3	-2,763	-3,177	15.0
District of Columbia	147	1,668	12.9	104	90	-13.5
TOTAL	\$57,002	\$62,535	9.7	--	--	--

NOTE: Columns may not add to totals because of rounding.

SOURCE: Quindry and Schoening, op. cit., Table 4; and Table 4 of this report.

Total overutilization amounts exactly offset underutilization amounts because all states use these taxes, and ability is measured by a national average rate. Three cautions should be noted concerning the future of the property taxes and tax comparisons. First, voters in several states approved provisions reducing property taxes or limiting growth. Second, personal property tax exemptions are becoming increasingly popular. For example, Illinois voters gave final approval to the exemption of corporation personal property in the November 7, 1978 election. Individual personal property was exempted earlier by the recently adopted constitution. Third, tax effort tends to be overstated in states for which gross collections are reported and credits are allowed against that tax or other taxes, or collections are, in effect, partially offset by direct transfers to taxpayers. The first two undoubtedly foreshadow lower property tax growth rates in the next few years.

Individual Income Taxes (Table J)

Collections increased by 19.2 percent, ability by 17.2 percent, and unutilized ability by 8.2 percent, indicating a small improvement in the use of these taxes. Unutilized ability, however, reached a significant \$6.2 billion, its source being found largely in the SREB region where three major states do not use the tax broadly (Florida, Tennessee and Texas) and others limit its rates and bases. Major overutilization continued in the Middle Atlantic region.

Corporation Income Taxes (Table K)

Tax base growth was substantially uniform from 1976 to 1977 throughout the six major regions. The range was from an increase of 24.6 percent in

TABLE J

STATE AND LOCAL INDIVIDUAL INCOME TAXES, COLLECTIONS AND UNUTILIZED ABILITY,
BY REGION, 1976 AND 1977, WITH PERCENTAGE CHANGE
(Amounts in Millions)

Region	Tax Collections			Unutilized Ability		
	1976	1977	Percentage Change	1976	1977	Percentage Change
New England States	\$ 1,477	\$ 1,507	2.0%	\$ 289	\$ 559	93.4%
Middle Atlantic States	6,917	8,686	25.6	-1,157	-2,003	73.1
North Central States	6,922	8,219	18.7	1,428	1,450	0.2
SREB States	4,179	4,835	15.7	3,964	4,791	20.9
Mountain States	1,079	1,156	7.1	545	773	41.8
Pacific States	3,761	4,596	22.2	666	670	0.1
District of Columbia	155	201	30.0	-22	-56	54.5
TOTAL	\$24,490	\$29,200	19.2	\$ 5,713	\$ 6,183	8.2

NOTE: Columns may not add to totals because of rounding.

SOURCE: Quindry and Schoening, op. cit., Table 5; and Table 5 of this report.

TABLE K

STATE AND LOCAL CORPORATION INCOME TAXES, COLLECTIONS AND UNUTILIZED ABILITY,
BY REGION, 1976 AND 1977, WITH PERCENTAGE CHANGE
(Amounts in Millions)

Region	Tax Collections			Unutilized Ability		
	1976	1977	Percentage Change	1976	1977	Percentage Change
New England States	\$ 575	\$ 724	25.9%	\$ -110	\$ -139	26.4%
Middle Atlantic States	2,001	2,323	16.1	-485	-428	-11.8
North Central States	1,689	2,472	46.4	510	269	-47.3
SREB States	1,319	1,545	17.1	826	1,184	43.3
Mountain States	272	313	15.1	155	233	50.3
Pacific States	1,417	1,796	26.7	-252	-303	20.2
District of Columbia	56	56	0.0	-21	-15	-28.6
TOTAL	\$7,328	\$9,230	26.0	\$ 623	\$ 802	28.7

NOTE: Columns may not add to totals because of rounding.

SOURCE: Quindry and Schoening, op. cit., Table 5; and Table 5 of this report.

the North Central region to 28.2 percent in the Pacific region. Overutilization continued to be a problem in the New England, the Middle Atlantic and the Pacific regions. Major underutilization continued in the SREB region where it reached almost \$1.2 billion in 1977.

In summary, tax effort remained the greatest relative to ability in the Middle Atlantic, the Pacific and the New England regions in that order and lowest in the SREB, the North Central and the Mountain regions. Utilization ranged from 112.2 percent of the national average in the Middle Atlantic region to 80.1 percent in the SREB region.

The SREB region continued in 1977 to minimize its use of the general property and income taxes and to overuse the sales taxes. The New England region continued to concentrate its efforts in corporation income and property taxes, each applied at above average rates. These taxes and also the individual income taxes are stressed in the Middle Atlantic region. Finally, the Mountain, the New England and the Middle Atlantic regions utilize selective sales taxes above the national average.

THE PURCHASING POWER OF STATE AND LOCAL TAX EFFORT AND ABILITY

The rising cost of government purchases results in lower purchasing power of tax dollars. To get a better picture of public ability to provide for the needs of citizens, price inflation must be removed. This is done

in Table L for selected years from 1970 to 1977.⁴ Growth in current dollars of collections almost exactly doubled in the seven-year period. When adjusted for inflation, this growth was only 19.5 percent.

While this growth in real taxes is modest, these figures indicate some improvement in the quantity and quality of per capita public services provided because population growth during this period was lower. It should be noted, however, that real growth was minimal in the 1972-74 period and actually negative in the 1974-75 period. Real growth returned in 1976 and 1977 as economic conditions in the nation improved. Real growth approached 5 percent in each of these years.

Tables L, M and N provide deflated data for tax effort, ability, and unutilized ability. The growth patterns are similar. High inflationary rates and small or negative real economic growth in the 1973-75 period produced significant growth in the deflators and little growth or declines in the deflated data.

Finally, Table O indicates the number of states that over- or underutilize the major tax sources and the dollars of over- or underutilization, and Table A provides similar data for total taxes by region. As an example of how to read Table O, 23 states overutilize the general sales taxes by \$4,344,947,000, and 28 states underutilize that source by \$5,098,557,000 for

4. The current data were deflated by using the state-local price deflators provided by the U.S. Department of Commerce and published in Survey of Current Business. These deflators represent increases in prices state and local governments must pay for goods and services they purchase.

TABLE L
TOTAL STATE AND LOCAL TAX COLLECTIONS,
CURRENT AND CONSTANT (1972) DOLLARS,
SELECTED YEARS, 1970-1977
(In Thousands)

<u>Year</u>	<u>Current</u>	<u>Constant</u>	<u>Deflator</u>
1970	\$ 88,351,072	\$100,057,839	88.3
1972	110,392,160	110,392,160	100.0
1974	132,500,368	111,344,847	119.0
1975	143,009,333	110,176,682	129.8
1976	158,425,714	114,718,113	138.1
1977	177,491,987	119,523,224	148.5

SOURCE: Quindry and Schoening, *op. cit.*, Table I; and Table 22 of this report. Deflator from the Survey of Current Business.

TABLE M
STATE AND LOCAL TAX ABILITY,
CURRENT AND CONSTANT (1972) DOLLARS,
SELECTED YEARS, 1970-1977
(In Thousands)

<u>Year</u>	<u>Current</u>	<u>Constant</u>	<u>Deflator</u>
1970	\$ 91,902,944	\$104,080,344	88.3
1972	114,788,480	114,788,480	100.0
1974	137,619,712	115,648,817	119.0
1975	149,976,957	115,544,651	129.8
1976	166,132,835	120,298,939	138.1
1977	186,101,218	125,320,686	148.5

SOURCE: Quindry and Schoening, *op. cit.*, Table J; and Table 16 of this report. Deflator from the Survey of Current Business.

TABLE N
STATE AND LOCAL UNUTILIZED ABILITY TAX COLLECTIONS,
CURRENT AND CONSTANT (1972) DOLLARS,
SELECTED YEARS, 1970-1977
(In Thousands)

<u>Year</u>	<u>Current</u>	<u>Deflated</u>	<u>Deflator</u>
1970	\$ 3,551,872	\$ 4,022,505	88.3
1972	4,396,160	4,396,160	100.0
1974	5,119,344	4,303,970	119.0
1975	6,967,624	5,367,969	129.8
1976	7,707,121	5,580,826	138.1
1977	8,609,231	5,797,462	148.5

SOURCE: Quindry and Schoening, *op. cit.*, Table K; and Table 16 of this report. Deflator from Survey of Current Business.

TABLE 0
OVER- AND UNDERUTILIZATION OF TAXES, BY SOURCE, 1977
(Dollars in Thousands)

Tax Source	Overutilization		Underutilization		Net Over/ Underutilization
	Amount	Number of States	Amount	Number of States	Amount
General Sales and Gross Receipts	\$ 4,344,947	23	\$ 5,098,557	28	\$ 753,610
Alcoholic Beverage Sales	602,356	27	602,356	24	0
Tobacco Sales and Receipts	462,318	26	462,318	25	0
Insurance	234,423	28	234,423	23	0
Public Utility Sales and Receipts	1,270,787	19	1,422,686	32	151,899
Other Selective Sales	948,208	18	976,562	33	28,354
Death and Gift	389,960	21	395,899	30	5,939
Property	9,141,598	19	9,141,598	32	0
Individual Income	4,555,914	13	10,739,386	38	6,183,472
Corporation Income	1,648,048	11	2,450,328	40	802,280
Alcoholic Beverage Licenses	54,086	16	54,889	35	803
Motor Vehicle Licenses	583,096	27	583,096	24	0
Motor Vehicle Fuels	542,992	37	542,992	14	0
Severance	535,841	8	1,020,947	43	485,106
Transfer	342,826	9	540,594	42	197,768
TOTAL	\$25,657,400	10	\$34,266,631	41	\$ 8,609,231

SOURCE: Tables 1-12.

a net underutilization of \$753,610,000. Net underutilization is registered in every source with individual income taxes accounting for almost 72 percent of the total.

In a few cases, the effectiveness of a tax is reduced (or effort overstated) because credits or refunds are employed. In property and general sales taxes especially, effort may be overstated in cases for which credits or refunds are registered in the budget as expenditure items rather than reduced collections. Taxes are recorded as gross rather than net of credits or refunds in such cases.

ABILITY AND EFFORT, 1977

General Sales and Use Taxes (Table 1)

General sales tax rates vary from a high of 7 percent in Connecticut to a low of 2 percent in Oklahoma. The most common rate is 3 to 4 percent (31 states), with 13 having rates in excess of 4 percent and only one less than 3 percent (Table P). Most of the high rate states exempt food and medicines. Four states--Delaware, Montana, New Hampshire, and Oregon--do not have a general sales tax. In addition to the state rates, approximately 5,000 local jurisdictions in 30 states have local general sales taxes. Rates generally vary from 0.5 percent to 3 percent. Widespread use of local taxes occurs in Alabama, California, Colorado, Georgia, Illinois, Louisiana, Missouri, New York, North Carolina, Oklahoma, Tennessee, Texas, Utah, Virginia, and Washington.

The apparently broad bases of the taxes are frequently narrowed by additional exemptions in order to promote development of social objectives.

TABLE P

STATE GENERAL SALES TAX RATES AS OF JULY 1, 1978,
AND EXEMPTIONS OF FOOD AND MEDICINES AS OF JULY 1, 1976

State	Tax Rate (Percent)	Food ¹	Medicine ²
Alabama ³	4.00	--	X ⁴
Arizona ³	4.00	--	X
Arkansas ³	3.00	--	--
California ³	4.75	X	X
Colorado ³	3.00	--	X
Connecticut	7.00	X	X
District of Columbia	5.00	X	X
Florida ³	4.00	X	X
Georgia ³	3.00	--	--
Hawaii	4.00	--	--
Idaho	3.00	--	X
Illinois ³	4.00	--	--
Indiana	4.00	X	X
Iowa	3.00	X	X
Kansas ³	3.00	--	--
Kentucky ³	5.00	X	X
Louisiana ³	3.00	X	X
Maine	5.00	X	X
Maryland	5.00	X	X
Massachusetts	5.00	X	X
Michigan	4.00	X	X
Minnesota ³	4.00	X	X
Mississippi	5.00	--	--
Missouri ³	3.13	--	--
Nebraska ³	3.00	--	X
Nevada ³	3.00	--	X
New Jersey	5.00	X	X
New Mexico ³	3.75	--	--
New York ³	4.00	X	X
North Carolina ³	3.00	--	X
North Dakota	3.00	X	X
Ohio ³	4.00	X	X
Oklahoma ³	2.00	--	--
Pennsylvania ³	6.00	X	X
Rhode Island	6.00	X	X

TABLE P
(Continued)

State	Tax Rate (percent)	Food ¹	Medicine ²
South Carolina	4.00	--	X ⁵
South Dakota ³	4.00 ⁶	--	X
Tennessee ³	4.50	--	X
Texas ³	4.00	X	X
Utah ³	4.00	--	X
Vermont	3.00	X	X
Virginia ³	3.00	--	X
Washington ³	4.60	--	X
West Virginia ³	3.00	--	X
Wisconsin ³	4.00	X	X
Wyoming ³	3.00 ⁷	--	X

1. Food exemptions usually apply to "food for human consumption off the premises where sold." Restaurant meals are taxable in all states, although meals costing less than a specified amount are exempt in some states.

2. The exemption is usually applicable to medicine sold on prescription or compounded by druggists, and often to medical and dental aids and devices. Some states exempt patent medicines and household remedies.

3. Local tax rates are additional.

4. Limited to prescription medicine for persons 65 or older.

5. Limited to persons 50 or older and totally and permanently disabled.

6. Persons 65 or older and disabled persons are allowed a credit for sales tax paid. For single individual taxpayers, the credit ranges from \$88 if federal adjusted gross income is not over \$2,200 to \$0 if AGI exceeds \$3,700. For households with more than one individual, the credit ranges from \$176 if AGI is not over \$4,400 to \$0 if AGI exceeds \$5,900.

7. Residents 65 or older or totally disabled are eligible for a \$100 sales and use tax refund reduced by the percentage that income exceeds \$4,000 per year. Married persons, at least one of whom is 65 or older or disabled, are allowed a refund equal to \$150 reduced by the percentage that their actual income exceeds \$6,000 per year.

SOURCES: State Tax Guide, Commerce Clearinghouse, Inc., and Advisory Commission on Intergovernmental Relations, Federal-State-Local Finances: Significant Features of Fiscal Federalism, 1976-77 Edition (Washington: Advisory Commission on Intergovernmental Relations, 1977), p. 185.

In some states, manufacturing machinery and equipment and industrial utilities, agricultural machinery, and pollution control equipment are fully or partially exempt. Home utilities have recently become popular targets for exemptions as has energy conservation equipment. Cigarettes and liquor are generally taxed, but motor fuels are generally exempted.

General sales taxes at \$36.3 billion were the second largest source of state and local tax revenues. Twenty-three states overutilized the source, and 28 states underutilized it. Overutilization was general in the SREB states where eight of 14 states overutilized it. Rates in the SREB states range from 3 to 5 percent and 11 states authorize local levies. Only 5 of the 14 states exempt food from the tax base (Florida, Kentucky, Louisiana, Maryland, Texas). Net overutilization was \$181.8 million for the region: sales taxes accounted for 20.5 percent of the nation's state and local tax collections, but for 24.9 percent in the SREB region (Table 13). The SREB states ranged from 165.1 percent (West Virginia) to 60.4 percent (Maryland) of the national average in the use of general sales tax ability (Table 16). States utilizing less than 100 percent of their ability generally have effective broad-based individual income taxes (Kentucky, Maryland, North Carolina, and Virginia). Texas garners significant revenues from its severance taxes. In 1977, the tax rate per \$1,000 of personal income was \$25.66, up from \$24.72 in 1976 (Table 34).

Selective Sales Taxes (Table 2)

Five categories of selective taxes are analyzed in Table 2--alcoholic beverage, tobacco products, public utilities, insurance, and other selective

sales taxes. Growth from 1976 to 1977 was only 9.0 percent. The greatest growth was in public utility taxes (14.0 percent) reflecting the higher public utility rates, though some growth was evident in all categories. Tax ability also grew by 9.0 percent, with net underutilization approximating 1.1 percent in each of the years.

For the first three categories of taxes, the nation's ability was just equal to its effort because every state employed the tax. Some regional patterns are evident, however; according to the statistics of Table 2, a state overutilizing one selective sales tax does not necessarily overutilize others. The patterns show that tobacco taxes are commonly overutilized in the New England and Middle Atlantic regions. In the SREB region, the use is fairly scattered--states in this area having both the lowest and the highest taxes (two to three cents per package in Kentucky, North Carolina and Virginia and 21 cents in Florida). The most common rates range from ten to 15 cents per package (28 states), with rates in 12 states exceeding 15 cents and less than ten cents. Hawaii uses a rate of 40 percent of the wholesale price. Local rates are authorized in Virginia and in one city in Tennessee, but are little used elsewhere. State rates are reported in Table Q. A rate change from 1977 to 1978 is shown in only one state. The rate in Colorado reverted to ten cents from a temporary 15-cent rate. Production in about one-third of the states is enhanced by the use of taxes on tobacco products other than cigarettes.

Alcoholic beverage tax rates differ substantially, but the effects are difficult to interpret because of their complexity. Moreover, some states

TABLE Q

CIGARETTE TAX RATES
(Cents per Package)

Region and State			Region and State		
	September 1, 1977	April 1, 1978		September 1, 1977	April 1, 1978
New England States					
Connecticut	21.00	21.00	Georgia	12.00	12.00
Maine	16.00	16.00	Kentucky	3.00	3.00
Massachusetts	21.00	21.00	Louisiana	11.00	11.00
New Hampshire	12.00	12.00	Maryland	10.00	10.00
Rhode Island	18.00	18.00	Mississippi	11.00	11.00
Vermont	12.00	12.00	North Carolina	2.00	2.00
Middle Atlantic States			South Carolina	7.00	7.00
Delaware	14.00	14.00	Tennessee	13.00	13.00
New Jersey	19.00	19.00	Texas	18.50	18.50
New York	15.00	15.00	Virginia	2.50	2.50
Pennsylvania	18.00	18.00	West Virginia	12.00	12.00
North Central States			Mountain States		
Illinois	12.00	12.00	Arizona	13.00	13.00
Indiana	10.50	10.50	Colorado	15.00	10.00
Iowa	13.00	13.00	Idaho	9.10	9.10
Kansas	11.00	11.00	Montana	12.00	12.00
Michigan	11.00	11.00	Nevada	10.00	10.00
Minnesota	18.00	18.00	New Mexico	12.00	12.00
Missouri	9.00	9.00	Oklahoma	13.00	13.00
Nebraska	13.00	13.00	Utah	8.00	8.00
North Dakota	11.00	11.00	Wyoming	8.00	8.00
Ohio	15.00	15.00	Pacific States		
South Dakota	12.00	12.00	Alaska	8.00	8.00
Wisconsin	16.00	16.00	California	10.00	10.00
SREB States			Hawaii	40 percent ^a	40 percent ^a
Alabama	12.00	12.00	Oregon	9.00	9.00
Arkansas	17.75	17.75	Washington	16.00	16.00
Florida	21.00	21.00	District of Columbia	13.00	13.00

a. 40 percent of wholesale price.

SOURCE: State Tax Guide, Commerce Clearinghouse, Inc.

have both taxes and profits on public-owned stores. Profits from state stores which contributed to state general funds are included in taxes for 13 such states. Gross receipts taxes on utilities are also complicated by public ownership. Current profits from public-owned utilities are also included as "in-lieu" taxes.

Net underutilization of these selective taxes in 1977 was \$180,253,000. The North Central and the Pacific regions were the major underutilizers and the SREB states the major overutilizers; this in spite of the low cigarette tax rates in three SREB states. Selective sales tax rates per \$1,000 of personal income decreased from \$11.21 in 1976 to \$11.19 in 1977 due to significant decreases in the alcoholic beverage and tobacco tax rates.

State Death and Gift Taxes (Table 3)

Overutilization of the death and gift taxes was found in 1977 (as in earlier years) for all states in the New England and Middle Atlantic regions (except Vermont). Heavy relative use in three Pacific region states (especially California) also result in overutilization for that region. Every state in the union except Nevada employed this tax, and underutilization was entirely due to this fact. Only one SREB state overutilized this source in 1977 (Tennessee) and revisions effective in 1980 will substantially reduce its inheritance tax. Substantial utilization is found in the remaining SREB states.

In total, 19 states overutilized their ability, of which 12 were in the New England, Middle Atlantic, and Pacific regions. In these regions is found 57.8 percent of the nation's collections and 39.6 percent of the ability.

Some states levy an estate tax solely to recover the allowable federal credit--a "pick-up" tax. Others employ an additional estate or inheritance tax, or both. Sixteen states levied a gift tax in 1976.⁵ Five states (Alabama, Alaska, Arkansas, Florida, and Georgia) use the "pick-up" tax only; two states (South Dakota and West Virginia) use an inheritance tax only; two states (Oregon and Rhode Island) employ all three types of levy; two states (Mississippi and North Dakota) use an estate tax only; and seven states (Arizona, New York, Ohio, Oklahoma, South Carolina, Utah, and Vermont) use an estate tax and "pick-up" estate tax. No local government uses death or gift taxes. The average death and gift tax rate per \$1,000 of personal income increased from \$1.16 in 1976 to \$1.27 in 1977.

Property Taxes (Table 4)

Property taxes continued to be the most important source of state and local tax revenue in 1977 although some decline in relative importance continued. Property taxes accounted for 35.2 percent of state and local taxes in 1977 (Table 13)--36.0 percent in 1976 and 39.2 percent in 1971. The decline is somewhat greater because of the influence of property tax relief programs (credits and refunds) as discussed earlier. These relief programs are especially important in Illinois, Indiana, Michigan, Oregon, Wisconsin, and Minnesota. Because of voter approval in several areas of property

5. California, Colorado, Delaware, Louisiana, Minnesota, North Carolina, Oklahoma, Oregon, Rhode Island, South Carolina, Tennessee, Texas, Virginia, Vermont, Washington, and Wisconsin.

taxation, the relative decline of the property tax will continue. Currently every state has some form of property tax relief, most provided at state expense.

Property taxes were overutilized in five of the six New England states (exception, Maine), in New Jersey and New York in the Middle Atlantic region, and in Alaska, California, and Oregon in the Pacific region. Because of extensive use in these states, regional overutilization resulted. Taxes were 141.6 percent of the national average in the New England region, 117.8 percent in the Middle Atlantic region, and 134.1 in the Pacific region. Low taxation was evident in the SREB region (66.4 percent of the national average), followed by the Mountain region (91.0 percent), and the North Central region (96.0 percent). Half of the North Central states and no SREB state overutilized this tax (Table 16).

The average property tax rate per \$1,000 of personal income increased to \$25.66 in 1977, up from \$24.72 in 1976 and \$24.83 in 1975 (Table 34). Tax collections increased by 9.7 percent in 1977, following a 10.7 percent increase in 1976. Underutilization in the SREB region increased to \$5.7 billion in 1977, up by 10.4 percent from 1976. Collections increased by 10.8 percent and ability by 10.7 percent.

Individual Income Taxes (Table 5)

Primarily because of the high responsiveness of the taxes to economic growth and the speedy economic recovery, individual income taxes registered substantial increases in 1977. Nationally, taxes reached \$29.2 billion (up 19.2 percent). While the growth was universal, the New England and Pacific

regions registered the greatest gains. Growth was limited somewhat by liberalized credits, deductions, and exemptions in several states. The trend toward legislative initiatives to reduce effort is continuing in several states. On the other hand, limitations on property taxes may increase dependence on income taxes in future years.

Six states (Florida, Nevada, South Dakota, Texas, Washington, and Wyoming) did not employ the tax and three states (Connecticut, New Hampshire, and Tennessee) limit the use to a narrow base. The Connecticut tax covers only capital gains and dividends; New Hampshire's tax is a 4 percent levy on income earned outside the state; Tennessee's tax is a limited levy on dividends and interest from stocks and bonds.

In addition, ten states report local income tax collections in one or more local jurisdictions. Virginia recently passed a bill allowing local income taxes on a regional basis. The tax must be approved in every jurisdiction within an economic area before it becomes effective. A large portion of the approximately 4,000 local income tax impositions are found in Delaware, Indiana, Kentucky, Maryland, Michigan, Ohio, and Pennsylvania. Of the 41 states employing broad-based taxes, 36 use progressive rate schedules and five (Illinois, Indiana, Michigan, Ohio, and Pennsylvania) use flat rates.

Rate structures and the credit, deduction, and exemption policies vary widely among the states and influence relative collections significantly. Moreover, the effective tax base is heavily dependent on the distribution of taxable income. The distribution of taxpayers by federal adjusted gross

income class is presented in Table 15. Because effective rates are generally progressive, a high percentage of taxpayers in the low income classes limits tax revenues. The lowest percentage of taxpayers with adjusted gross income below \$10,000 and the highest percentage with adjusted gross income over \$50,000 are found in the Middle Atlantic region. Progressive income taxes are likely to be more effective in these states. The SREB region, followed by the Mountain region, is relatively deficient in both respects.

Individual income taxes continued to lead all major taxes in amounts of underutilization in 1977. Overutilization was especially significant in the Middle Atlantic region (mainly New York) and underutilization in the SREB region. In this latter region, only Maryland (which has a heavy local tax) and North Carolina exceeded the national average rate per \$1,000 of personal income. Underutilization is extensive in the SREB region because of the failure of Texas and Florida to use this source and the limited use in Tennessee. In these states is located \$3.9 billion of the \$4.8 billion underutilization in the SREB region. Twelve of 50 states and the District of Columbia overutilized this source in 1977, with New York, Maryland, Wisconsin, Minnesota, and Massachusetts leading the other states. The six leading states in underutilization, in addition to those already mentioned, were Illinois, Washington, Ohio, California, Indiana, and Missouri. The average yield per \$1,000 of personal income increased to \$24.50 in 1977, up from \$22.83 in 1976.

Corporation Income Taxes (Table 5)

Corporation income tax collections increased by 26.0 percent (to \$9.2 billion) in 1977, due primarily to the rapid improvement in corporation profits. The increases were general in almost all states, and especially significant in Connecticut, New Jersey, Michigan, South Carolina, and California.

As with the individual income taxes, the underutilization was especially significant in the SREB region. All 14 states underutilized ability, most by significant amounts. The New England region (due primarily to Massachusetts), the Middle Atlantic region (due primarily to New York and Pennsylvania), and the Pacific region (due primarily to California) overutilized regional ability. Performance is limited because Texas, Nevada, Wyoming, and Washington do not employ this tax.

Productivity is influenced by the comprehensiveness of the taxable base, the credit and deduction policies, and the tax rates. In addition, the allocation formulas that states use to apportion the income of multistate corporations are becoming increasingly important. Finally, the growing use of investment and other industrial development-type credits and deductions should be recognized. While there is some effort being made to standardize many of the business depreciation and depletion allowances and the apportionment formulas, some states are using alternative credits and deductions to attract industrial development which are becoming more popular. These tend to reduce collections.

The high rate of business activity and profits caused the average rate per \$1,000 of personal income to increase significantly in 1977--to \$6.95

from \$6.01 in 1976.

Licenses and Motor Vehicle-Related Taxes (Tables 6, 7, and 8)

Tax performance for two major license taxes and motor fuels taxes are discussed in this section. Other license taxes are listed in Table 11. The motor fuels tax is a selective sales tax, but is analyzed here along with the other major highway user taxes, the motor vehicle license fees. With one exception (Hawaii) all states levy each of these taxes. Consequently, net underutilization is limited to Hawaii's failure to employ (or to report) state alcoholic beverage license fees.

Alcoholic Beverage License Taxes (Table 6). State licenses are placed on sellers, handlers and producers of alcoholic beverage products in every state except Hawaii. Local governments also collect such fees but disaggregated data are not available. Local collections are included in "other and unallocable" taxes in Table 11.

As noted elsewhere, 17 states have state-owned liquor stores.⁶ The extent of influence on productivity of public ownership is unclear, but what is lacking in taxes is made up, at least in part, by liquor store profits contributed to the general fund. Such contributions are included in selective sales tax revenues (Table 2). In addition, three states⁷ have municipal-owned liquor stores. Their net revenue is unavailable and not included in the collection statistics.

6. Alabama, Idaho, Iowa, Maine, Michigan, Mississippi, Montana, New Hampshire, Ohio, Oregon, Pennsylvania, Utah, Vermont, Virginia, Washington, West Virginia, and Wyoming.

7. Minnesota, North Carolina, and South Dakota.

Revenue from this source increased by 15.6 percent from 1976 to 1977, to \$178 million. Underutilization as noted above is due to Hawaii's failure to provide license taxes or fees at the state level. Minimal emphasis is put on alcoholic beverage licenses by states; consequently, both tax ability and effort are of minor importance in state budgets. While local governments commonly levy license fees or taxes, the data are not isolated in the census reports. States collected only 12 cents for each \$1,000 of personal income in both 1976 and 1977.

Motor Vehicle-Related Taxes (Tables 7 and 8). Two taxes are related to motor vehicles--one to ownership and one to use. The motor vehicle license tax placed on the vehicle may be a flat fee per vehicle or a variable fee based on weight or horsepower. For commercial vehicles used in interstate commerce, it may be related to miles driven in the state. Gallonage taxes are placed on fuels used by the vehicles on the state's highways. Some revenues also come from sales of fuels used in aircraft and boats, but generally, nonhighway use of fuels is tax exempt or a refund is granted for nonhighway use.

Both of these taxes are relatively slow-growing because ownership and usage do not expand as fast as personal income or other major measures of economic activity. Moreover, they are not related to value; thus, price inflation does not expand tax liabilities.

The primary reasons for differences in productivity of these two taxes are the rate differences. Minor differences may result in the ratio of

automobiles to trucks and buses. Moreover, 28 states⁸ (11 in the SREB region and 6 in the North Central region) imposed local license or "inspection" fees in addition to state license fees. In several states where motor vehicle taxes are subjected to local property taxes, other motor vehicle-related taxes may be restrained. Likewise, subjecting motor fuel taxes to the general sales taxes (in California, Indiana, Georgia, and Mississippi) may limit the determination to apply higher selective taxes. The use of local motor fuel taxes is found in only a few states.

Motor vehicle license tax revenue increased 5.3 percent from 1976 to 1977 and registrations with a one-year lag by 2.7 percent. Tax growth was relatively well distributed among the states. However, Alabama, California, and Ohio showed significant declines in collections, despite higher registrations.

Overutilization was evident in half the states and the District of Columbia. It was especially significant in New Jersey, New York, Illinois, Iowa, Florida, Oklahoma, and Oregon. The average rate per registered vehicle was \$33.49 in 1977 and \$32.65 in 1976.

Motor fuel taxes (Table 8) increased by 5.0 percent in 1976, the largest gain in the tax category since the Arab oil embargo and recession. Most of this gain can be attributed to the economic recovery and adequate supplies. Thirty-three states and the District of Columbia overutilized

8. Alabama, Arizona, Arkansas, Colorado, Florida, Georgia, Hawaii, Idaho, Illinois, Iowa, Kansas, Kentucky, Louisiana, Maine, Michigan, Minnesota, Mississippi, Missouri, Montana, Nebraska, New York, North Carolina, Ohio, South Dakota, Tennessee, Texas, Virginia, and Washington.

this tax in 1977. Since most of the revenue generated by this tax is dedicated to state and local highway construction and maintenance programs, the slow growth of revenue from this source has forced many states to increase the tax since 1974. As world fuel supplies get more expensive and energy conservation measures go into effect, this trend will probably continue, unless states find new ways to finance highway programs.

The gasoline tax base is relatively standard; thus revenue differences are due primarily to differences in tax rates. Rates range from 11 cents per gallon in several states to 5 cents per gallon in Texas. Seven states have rates at 10 cents or above and 12 at 7 cents or below. The tax in Hawaii varies by county, and Washington's tax is based on average retail price. It is now established at 11 cents. A few tax increases (Iowa, Michigan, Utah, and West Virginia) and one decrease (Delaware) will affect later year collections. Rates for 1977 and 1978 are listed in Table R. For most states, but not all, the diesel fuel rate is the same as the gasoline tax rate. The average rate per registered vehicle was \$65.27 in 1976 and \$66.75 in 1977. The average per gallon fuel tax was 8 cents.

In 1977, the allocator for fuel taxes was gallons of fuel consumed by state. Because average consumption per vehicle varied among states, the 1977 ability and unutilized ability data are not comparable with earlier years.

In 1977, all states in the New England and Middle Atlantic regions overutilized motor fuel taxes. Half of the North Central states and 11 of 14 SREB states did likewise. There seems to be considerable correlation between the tax rate and performance. For example, Texas (tax at 5 cents)

TABLE R
GASOLINE TAX RATES
(Cents Per Gallon)

Region and State	August 1, 1977	September 1, 1978	Region and State	August 1, 1977	September 1, 1978
New England States					
Connecticut	11.00	11.00	Georgia	7.50	7.50
Maine	9.00	9.00	Kentucky	9.00	9.00
Massachusetts	8.50	8.50 ^c	Louisiana	8.00	8.00
New Hampshire	10.00	10.00	Maryland	9.00	9.00
Rhode Island	10.00	10.00	Mississippi	9.00	9.00
Vermont	9.00	9.00	North Carolina	9.00	9.00
Middle Atlantic States			South Carolina	9.00	9.00
Delaware	11.00	9.00	Tennessee	7.00	7.00
New Jersey	8.00	8.00	Texas	5.00	5.00
New York	8.00	8.00	Virginia	9.00	9.00
Pennsylvania	9.00	9.00	West Virginia	8.50	10.50
North Central States			Mountain States		
Illinois	7.50	7.50	Arizona	8.00	8.00
Indiana	8.00	8.00 ^b	Colorado	7.00	7.00
Iowa	7.00	8.50 ^b	Idaho	9.50	9.50
Kansas	8.00	8.00	Montana	8.00	8.00
Michigan	9.00	11.00	Nevada	6.00	6.00
Minnesota	9.00	9.00	New Mexico	7.00	7.00
Missouri	7.00	7.00	Oklahoma	6.58	6.58
Nebraska	9.50	9.50	Utah	7.00	9.00
North Dakota	8.00	8.00	Wyoming	8.00	8.00
Ohio	7.00	7.00	Pacific States		
South Dakota	8.00	8.00	Alaska	8.00	8.00
Wisconsin	7.00	7.00	California	7.00	7.00
SREB States			Hawaii	11.50 to 13.50 ^a	11.50 to 13.50
Alabama	7.00	7.00	Oregon	7.00	7.00 ^d
Arkansas	8.50	8.50	Washington	11.00	11.00 ^d
Florida	8.00	8.00	District of Columbia	10.00	10.00

a. Varies by county.

b. Effective July 1, 1979, the gasoline tax rate is raised to 10¢ per gallon.

c. Effective July 1, 1980, the gasoline tax rate is 7.5¢ per gallon.

d. Rate varies from 9¢ to 12¢ per gallon based on the weighted retail price of all gasoline sold in the state.

SOURCE: State Tax Guide, Commerce Clearinghouse, Inc.

underutilized the tax by \$237.9 million and Connecticut (tax at 11 cents) overutilized the tax by \$43.8 million. Rural and agriculturally-oriented states seem also to have a greater degree of utilization than do urban states.

Severance Taxes (Table 9)

Severance taxes are imposed on the value of natural resources as they are severed from the land or water. They can be used productively only in states having significant amounts of commercial extractive activities. The most productive taxes are applied in states having high concentrations of petroleum and gas. In a few states, coal production has or can become a significant tax activity. Production of timber, fish, shellfish, salt, stone, sand, gravel, iron ore, and other minerals is also taxed, but frequently the tax is regulatory and not expected to be a major revenue producer.

Because only a few states have significant commercial extractive industries, the value of severed products is considered to be the proper measure of tax ability. The common measure is collections per \$1,000 of severed products.

Louisiana, Texas, and Oklahoma are unique in their ability to exploit oil and gas severance taxes. Other oil-producing states use their ability less intensively. Kentucky has made use of its potential in coal severance in the last two years, while Tennessee has a negligible coal severance tax for local highway use. West Virginia employs a gross receipts tax on coal production that is reported in the general sales tax figures, and Minnesota levies a reasonable iron ore severance tax.

Over half of the value of severed products is found in the SREB states, almost two-fifths in Texas and Louisiana. Because these states employ the tax intensively, the underutilization is not concentrated in the SREB states. Nationally, severance tax collections increased 6.9 percent from 1976 to 1977. During 1977, 31 states utilized some form of this tax.

Underutilization amounted to \$485 million in 1977, largely concentrated in California and Pennsylvania; however, several states with moderate coal, oil, and gas production failed to utilize the tax to a great extent. These included Arizona, Illinois, Kansas, Michigan, and Ohio. Taxes per \$1,000 of severed product increased to \$46.62 in 1977, up from \$43.79 in 1976. The underutilization represented 18.3 percent of the nation's tax ability.

Transfer Taxes (Table 10)

Transfer taxes are levied on transfers of real estate and on transfers of nontangible wealth (mortgages, stocks, bonds). In some states the coverage is restricted to real estate, while in others the most productive source is stock transfers. Productivity is affected first by the coverage and second by the rate levels.

New York is in an especially favorable position to garner revenue from a documentary transfer tax. Almost 64 percent of the total tax reported for states in 1977 was collected in that state and Florida.

Data in Table 10, however, are not fully representative of the extent of this tax. Some states permit local governments to levy the tax. Local data are not available on a state basis and are included in "other and unallocable" taxes in Table 11.

Transfer taxes increased 16.1 percent from 1976 to 1977, because this is basically a gross receipts tax activity and inflation (in real estate, and the bond and stock markets) determines the productivity and gains in productivity.

The underutilization is concentrated largely in the North Central region, the Mountain region and the Pacific region, all of which depend little on this source as a state revenue or have a limited tax base. The stock and bond portion of the base is restricted to a few states and does not correlate well with personal income.

Miscellaneous, Other and Unallocable Taxes, Total Taxes (Table 11)

This category of taxes includes all types of gambling taxes, license taxes not isolated elsewhere, and miscellaneous unallocable taxes. Pari-mutuel and other license taxes are isolated, but no estimate of ability was computed.

The total of gambling-related taxes, exclusive of parimutuel taxes, is not isolated in census data. However, the yield seems to be on the upswing. It was estimated in 1976 that \$1.2 billion of \$5.5 billion in these miscellaneous sources was gambling taxes. Major limitations still exist in gambling taxes as a source of revenue--that is, the lack of legal and social acceptance in many states.

State and Local Nontax General Revenue (Table 19)

Data in Table 14 indicate that the several states depend variously on nontax fees and charges for revenues. The two sources of nontax revenue are federal funds, over which the states have little control, and nontax

fees and charges. Table 19 lists the amount of nontax fees and charges Column 1) and ability based on personal income as the common denominator. The implications are that the New England, Middle Atlantic and North Central regions depend less heavily on charges and fees than do the remaining three regions. This may help explain why taxes are high in some regions (or states) and low in others; however, the pattern is not very consistent. For example, Ohio has unutilized ability in both tax and nontax revenues, and Wisconsin overutilizes both sources. In total, 25 states including the District of Columbia, overutilize one source and underutilize the other. Seven states overutilize both sources and 17 underutilize both sources. Of these 17, six are in the SREB region and four in the New England region.

APPENDIX

TABLE 1

POPULATION, PERSONAL INCOME AND STATE AND LOCAL GENERAL SALES AND
GROSS RECEIPTS TAX REVENUE FOR STATES, REGIONS AND
THE UNITED STATES, 1977
(EFFORT & ABILITY AMOUNTS IN THOUSANDS)

STATE AND REGION	POPULATION JULY 1, 1977 (THOUSANDS)	PERSONAL INCOME FY1977 (MILLIONS)	EFFORT (COLLECTIONS)	ABILITY (TAX YIELD AT AVERAGE RATE)	NET UNUTILIZED ABILITY (-)- OVERUTILIZATION
NEW ENGLAND STATES	12,242	\$ 84,363	\$ 1,369,288	\$ 2,164,852	\$ 795,564
1 CONNECTICUT	3,138	24,112	583,478	618,742	35,264
2 MAINE	1,085	6,046	169,665	155,147	-14,517
3 MASSACHUSETTS	5,782	40,114	441,878	1,029,372	587,494
4 NEW HAMPSHIRE	849	5,217	--	133,874	133,874
5 RHODE ISLAND	935	6,164	141,770	158,163	16,393
6 VERMONT	483	2,711	32,497	64,555	32,058
MIDDLE ATLANTIC STATES	37,620	\$ 272,815	\$ 6,355,977	\$ 7,000,755	\$ 644,778
7 DELAWARE	582	4,258	--	104,205	104,205
8 NEW JERSEY	7,329	57,057	913,100	1,464,144	551,047
9 NEW YORK	17,924	131,515	3,918,362	3,374,814	-543,547
10 PENNSYLVANIA	11,785	74,986	1,524,515	2,052,527	528,012
MIDWEST CENTRAL STATES	57,940	\$ 394,694	\$ 8,891,246	\$ 10,126,294	\$ 1,235,048
11 ILLINOIS	11,245	84,344	2,240,814	2,164,365	-76,449
12 INDIANA	5,330	34,872	1,045,571	895,376	-150,194
13 IOWA	2,874	19,010	346,785	447,812	141,027
14 KANSAS	2,326	15,571	339,308	399,563	60,255
15 MICHIGAN	9,129	65,344	1,406,485	1,676,796	269,811
16 MINNESOTA	3,975	26,118	469,555	670,205	200,647
17 MISSOURI	4,631	29,967	728,234	768,588	40,354
18 NEBRASKA	1,561	9,905	221,136	254,161	33,025
19 NORTH DAKOTA	653	3,795	110,224	37,391	-12,832
20 SOUTH DAKOTA	10,731	72,042	1,203,266	1,848,688	645,422
21 SOUTHWEST	684	3,842	111,423	98,577	-12,845
22 WISCONSIN	4,651	29,865	667,935	766,377	98,442
SOUTH STATES	65,765	\$ 392,975	\$ 10,266,027	\$ 10,084,181	\$ -181,845
23 ALABAMA	3,690	19,728	593,254	506,243	-87,010
24 ARIZONA	2,144	11,023	274,995	282,850	7,855
25 FLORIDA	8,452	53,544	1,398,550	1,374,007	-24,542

ALL NOTES AND FOOTNOTES ARE ON PAGE 108.

TABLE 1 (CONTINUED)

STATE AND REGION	POPULATION JULY 1, 1977 (THOUSANDS)	PERSONAL INCOME FY1977 (MILLIONS)	EFFORT (COLLECTIONS)	ABILITY (TAX YIELD AT AVERAGE RATE)	NET UNUTILIZED ABILITY (-1) OVERUTILIZATION)
SEER STATES (CONTINUED)					
26 GEORGIA	5,048	29,017	773,315	744,616	-28,698
27 KENTUCKY	3,458	19,540	463,841	501,413	37,572
28 LOUISIANA	3,921	22,011	809,577	564,815	-244,761
29 MARYLAND	4,139	30,054	465,840	771,227	305,387
30 MISSISSIPPI	2,389	11,242	475,465	288,483	-186,981
31 NORTH CAROLINA	5,525	31,481	649,901	807,833	157,932
32 SOUTH CAROLINA	2,876	15,468	415,277	396,933	-18,343
33 TENNESSEE	4,299	23,808	929,241	610,947	-318,293
34 TEXAS	12,830	82,100	1,997,048	2,106,787	109,739
35 VIRGINIA	5,135	33,359	572,248	857,057	284,809
36 WEST VIRGINIA	1,859	10,560	447,435	270,569	-176,465
MOUNTAIN STATES	12,841 \$	78,726 \$	2,388,345 \$	2,020,200 \$	-368,144
37 ARIZONA	2,296	13,995	606,311	359,128	-247,182
38 CALIFORNIA	2,619	17,512	563,870	449,378	-114,491
39 IDAHO	857	5,002	103,860	128,344	24,484
40 MONTANA	761	4,397	--	112,839	112,839
41 NEVADA	633	4,687	134,444	120,267	-14,176
42 NEW MEXICO	1,190	6,000	266,939	169,364	-97,574
43 OKLAHOMA	2,811	16,754	341,292	429,927	88,635
44 UTAH	1,268	6,990	266,949	179,371	-87,577
45 WYOMING	436	2,790	104,680	71,582	-33,097
PACIFIC STATES	29,232 \$	214,987 \$	6,900,916 \$	5,516,803 \$	-1,384,112
46 ALASKA	407	4,091	31,400	104,986	73,586
47 CALIFORNIA	21,896	162,966	5,243,627	4,181,890	-1,061,736
48 HAWAII	895	6,493	341,017	166,605	-174,411
49 OREGON	2,376	15,496	--	397,632	397,632
50 WASHINGTON	3,658	25,942	1,284,872	665,689	-619,182
DISTRICT OF COLUMBIA	690 \$	5,899 \$	141,060 \$	151,382 \$	10,322
ALL STATES INCLUDING DISTRICT OF COLUMBIA	216,330 \$	1,444,458 \$	36,312,861 \$	37,066,471 \$	753,610

TABLE 2

STATE AND LOCAL SELECTIVE SALES AND GROSS RECEIPTS TAX REVENUE,
FOR STATES, REGIONS, AND THE UNITED STATES, 1977
(IN THOUSANDS)

STATE AND REGION	ALCOHOLIC BEVERAGES			TOBACCO PRODUCTS		
	EFFORT (COLLECTIONS)	ABILITY (TAX YIELD AT AVERAGE RATE)	NET UNUTILIZED ABILITY	EFFORT (COLLECTIONS)	ABILITY (TAX YIELD AT AVERAGE RATE)	NET UNUTILIZED ABILITY
NEW ENGLAND STATES	\$ 173,233	\$ 157,205	\$ -15,967	\$ 303,262	\$ 212,110	\$ -91,151
1 CONNECTICUT	24,297	44,948	20,651	79,044	80,624	-14,459
2 MAINE	24,455	11,271	-13,183	24,246	15,231	-9,194
3 MASSACHUSETTS	77,084	74,779	-2,304	142,759	100,857	-41,901
4 NEW HAMPSHIRE	27,184	9,125	-17,458	27,130	13,117	-14,012
5 RHODE ISLAND	7,180	11,440	4,310	24,393	15,497	-8,895
6 VERMONT	13,333	5,052	-7,979	9,600	6,815	-2,784
MIDDLE ATLANTIC STATES	\$ 350,673	\$ 508,569	\$ 157,896	\$ 823,465	\$ 665,928	\$ -157,537
7 DELAWARE	4,372	7,938	3,566	12,246	10,706	-1,539
8 NEW JERSEY	53,825	106,363	52,538	166,780	143,456	-23,323
9 NEW YORK	150,194	245,163	94,969	394,473	330,661	-63,811
10 PENNSYLVANIA	142,282	149,106	6,824	247,966	201,105	-46,860
NORTH CENTRAL STATES	\$ 646,243	\$ 735,769	\$ 89,476	\$ 948,578	\$ 942,362	\$ 43,784
11 ILLINOIS	192,707	157,230	34,523	193,971	212,063	18,092
12 INDIANA	28,310	63,044	34,734	51,521	87,728	36,207
13 IOWA	47,276	35,437	-11,838	46,277	47,795	1,518
14 KENTUCKY	17,311	25,026	11,715	32,108	39,149	7,041
15 MICHIGAN	146,954	121,811	-25,142	140,271	164,291	24,020
16 MINNESOTA	50,502	48,637	-1,864	83,402	65,666	-17,735
17 MISSOURI	23,288	35,663	32,575	79,158	75,345	-3,812
18 NEBRASKA	13,336	16,463	8,124	22,610	24,902	2,292
19 NORTH DAKOTA	6,243	7,075	832	8,570	9,542	972
20 OHIO	107,735	134,248	-33,430	156,910	181,133	-15,776
21 SOUTH DAKOTA	6,967	7,161	194	9,027	9,659	632
22 WISCONSIN	38,661	55,073	17,012	84,353	75,089	-9,263
SOUTHERN STATES	\$ 1,070,775	\$ 732,564	\$ -338,210	\$ 986,531	\$ 988,039	\$ 49
23 ALABAMA	37,729	36,776	-50,952	58,341	49,601	-8,729
24 ARKANSAS	19,130	20,548	1,418	46,066	27,713	-18,352
25 FLORIDA	137,375	99,615	-87,259	186,455	134,624	-51,830

ALL NOTES AND FOOTNOTES ARE ON PAGE 108.

TABLE 2 (CONTINUED)

STATE AND REGION	ALCOHOLIC BEVERAGES			TOBACCO PRODUCTS		
	EFFORT (COLLECTIONS)	ABILITY (TAX YIELD AT AVERAGE RATE)	NET UNUTILIZED ABILITY	EFFORT (COLLECTIONS)	ABILITY (TAX YIELD AT AVERAGE RATE)	NET UNUTILIZED ABILITY
SEER STATES (CONTINUED)						
26 GEORGIA	125,747	54,093	-71,653	74,593	72,957	-1,635
27 KENTUCKY	14,924	36,425	21,501	22,253	49,128	26,875
28 LOUISIANA	49,308	41,031	-7,976	56,954	55,340	-1,613
29 MARYLAND	28,300	56,026	27,726	54,349	75,564	21,215
30 MISSISSIPPI	40,371	20,957	-19,113	31,072	28,265	-2,806
31 NORTH CAROLINA	86,763	58,685	-28,077	20,308	79,151	58,843
32 SOUTH CAROLINA	74,076	28,835	-45,242	23,575	38,891	15,316
33 TENNESSEE	77,103	44,382	-32,717	67,829	59,863	-7,966
34 TEXAS	151,432	153,047	1,615	287,549	206,421	-81,127
35 VIRGINIA	103,299	62,261	-41,037	31,159	83,974	52,815
36 WEST VIRGINIA	26,119	19,685	-6,433	28,028	26,549	-1,478
MOUNTAIN STATES	\$ 138,501 \$	146,757 \$	8,256	\$ 177,389 \$	197,937 \$	20,548
37 ARIZONA	17,780	26,089	8,309	35,497	35,187	-309
38 COLORADO	19,923	32,645	12,725	33,242	44,330	10,788
39 IDAHO	14,303	9,324	-4,978	7,997	12,575	4,578
40 MONTANA	16,525	8,197	-8,327	11,528	11,056	-471
41 NEVADA	10,536	8,737	-1,798	11,130	11,784	654
42 NEW MEXICO	6,596	12,303	5,707	13,683	16,594	2,911
43 OKLAHOMA	33,948	31,232	-2,715	51,960	42,124	-9,835
44 UTAH	15,860	13,030	-2,829	7,680	17,575	9,895
45 WYOMING	3,033	5,200	2,167	4,672	7,014	2,342
PACIFIC STATES	\$ 302,534 \$	400,768 \$	98,234	\$ 378,001 \$	540,531 \$	162,530
46 ALASKA	7,978	7,627	-350	4,851	10,286	5,435
47 CALIFORNIA	127,459	303,793	176,334	271,504	409,738	138,234
48 HAWAII	16,222	12,103	-4,118	10,311	16,324	6,013
49 OREGON	52,037	28,886	-23,150	31,817	38,960	7,143
50 WASHINGTON	98,838	48,359	-50,478	59,518	65,224	5,706
DISTRICT OF COLUMBIA	\$ 10,681 \$	10,997 \$	316	\$ 12,514 \$	14,832 \$	2,318
ALL STATES INCLUDING DISTRICT OF COLUMBIA	\$ 2,692,690 \$	2,692,690 \$	0	\$ 3,631,740 \$	3,631,740 \$	0

TABLE 2 (CONTINUED)

INSURANCE TAXES					PUBLIC UTILITIES					OTHER SELECTIVE SALES TAXES				
	EFFORT (COLLECTIONS)	ABILITY (TAX YIELD AT AVERAGE RATE)	NET UNUTILIZED ABILITY	EFFORT (COLLECTIONS)	ABILITY (TAX YIELD AT AVERAGE RATE)	NET UNUTILIZED ABILITY	EFFORT (COLLECTIONS)	ABILITY (TAX YIELD AT AVERAGE RATE)	NET UNUTILIZED ABILITY	EFFORT (COLLECTIONS)	ABILITY (TAX YIELD AT AVERAGE RATE)	NET UNUTILIZED ABILITY	EFFORT (COLLECTIONS)	ABILITY (TAX YIELD AT AVERAGE RATE)
\$	177,544	\$ 137,480	\$ -33,763	\$ 186,188	\$ 319,455	\$ 133,287	\$ 216,433	\$ 117,664	\$ -94,766					
01	67,682	39,293	-3,388	129,174	91,304	-37,869	10,330	33,631	23,301					
02	9,749	4,053	804	12,027	22,894	11,867	--	8,433	8,433					
03	94,114	55,371	-30,742	--	151,899	151,899	169,409	55,948	-113,461					
04	8,387	8,002	123	2,484	19,755	17,266	18,714	7,276	-9,437					
05	9,831	10,644	213	24,124	23,339	-5,784	21	8,596	8,596					
06	4,486	4,417	-63	13,354	10,264	-3,339	14,459	3,780	-16,178					
\$	379,875	\$ 444,086	\$ 73,711	\$ 1,232,057	\$ 1,633,062	\$ -199,544	\$ 318,853	\$ 380,505	\$ 61,652					
07	7,776	6,534	-66	10,443	16,124	-2,368	747	5,939	4,942					
08	63,841	72,781	24,320	350,376	216,056	-142,319	14,777	79,579	65,407					
09	174,874	214,319	38,885	555,581	498,003	-61,576	288,128	183,428	-114,657					
10	117,374	130,247	10,973	296,208	302,880	6,672	15,601	111,559	95,958					
\$	517,267	\$ 644,002	\$ 125,735	\$ 1,211,444	\$ 1,494,577	\$ 283,133	\$ 156,570	\$ 550,493	\$ 193,923					
11	78,588	137,449	58,861	495,908	319,383	-176,524	44,833	117,638	67,815					
12	44,433	50,361	12,458	9,900	132,126	122,226	1,983	48,665	46,682					
13	30,910	30,979	69	19,300	71,984	52,684	-287	26,514	26,227					
14	24,871	25,374	573	14,583	58,461	44,378	637	21,717	21,083					
15	81,556	136,436	24,930	30,400	247,435	217,035	343	41,137	90,794					
16	46,637	42,502	-4,134	80,509	98,858	18,389	70,993	36,427	-41,565					
17	45,295	48,335	3,540	135,247	113,475	-21,771	2,800	41,756	38,956					
18	15,655	10,141	-486	88,100	37,505	-50,594	1,459	13,814	12,355					
19	6,459	6,185	-273	4,571	14,371	9,800	2,601	5,293	2,692					
20	131,499	117,402	-15,903	240,643	272,801	26,158	6,900	103,480	93,583					
21	7,879	8,664	-1,568	8,348	14,547	6,199	10,689	5,358	-5,333					
22	33,575	40,669	15,094	77,435	113,040	35,155	2,045	41,654	38,607					
\$	731,122	\$ 840,401	\$ -30,720	\$ 1,931,520	\$ 1,488,066	\$ -443,453	\$ 917,632	\$ 548,155	\$ -369,536					
23	46,774	32,149	-14,624	156,831	74,704	-82,126	23,743	27,515	3,772					
24	27,443	17,563	-2,519	27,100	41,735	14,639	1,303	15,373	14,073					
25	81,337	87,257	5,950	430,867	202,755	-228,111	47,770	74,680	26,910					

TABLE 2 (CONTINUED)

INSURANCE TAXES				PUBLIC UTILITIES			OTHER SELECTIVE SALES TAXES		
	EFFORT (COLLECTIONS)	ABILITY (TAX YIELD AT AVERAGE RATE)	NET UNUTILIZED ABILITY	EFFORT (COLLECTIONS)	ABILITY (TAX YIELD AT AVERAGE RATE)	NET UNUTILIZED ABILITY	EFFORT (COLLECTIONS)	ABILITY (TAX YIELD AT AVERAGE RATE)	NET UNUTILIZED ABILITY
26	51,349	47,287	-4,061	57,700	109,879	52,179	16,100	40,471	24,371
27	53,106	31,842	-18,263	30,400	73,991	43,591	99,374	27,253	-72,120
28	48,874	35,669	-13,204	58,561	83,347	24,386	17,695	30,699	13,004
29	69,368	48,977	-20,390	104,622	113,806	9,184	128,776	41,918	-86,857
30	26,824	18,320	-8,503	19,500	42,570	23,070	2,537	15,680	13,143
31	56,387	31,302	-25,084	198,692	119,207	-79,484	20,120	43,907	23,787
32	27,698	25,207	-2,490	46,111	58,573	10,462	13,374	21,574	8,200
33	44,934	38,798	-6,135	125,425	90,154	-35,270	41,656	33,206	-8,449
34	127,359	123,753	-3,606	432,980	310,887	-122,092	375,748	114,508	-261,239
35	59,569	54,428	-5,140	235,931	126,471	-109,459	75,225	48,583	-26,641
36	20,090	17,208	-2,881	4,400	39,585	35,585	54,214	14,728	-39,485
\$	146,558 \$	126,294 \$	-18,263 \$	280,289 \$	298,110 \$	17,821 \$	161,966 \$	109,802 \$	-52,163
37	27,816	22,667	-5,149	143,781	52,945	-60,785	4,700	19,519	14,819
38	27,836	26,538	-1,298	48,956	66,312	17,356	5,740	24,425	18,685
39	11,616	8,151	-3,464	7,797	18,935	11,142	--	6,976	6,976
40	11,158	7,166	-3,991	3,797	16,651	12,854	3,401	6,133	2,732
41	7,270	7,638	368	11,720	17,747	6,027	94,529	6,537	-87,991
42	13,151	10,756	-2,394	15,773	24,992	9,219	14,721	9,205	-5,515
43	34,263	27,303	-6,960	61,495	63,442	1,947	37,775	23,367	-14,407
44	11,901	11,341	-560	13,170	26,469	13,299	1,100	9,749	8,649
45	4,547	4,546	0	3,800	10,563	6,763	--	3,891	3,891
\$	399,527 \$	350,347 \$	-49,179 \$	443,569 \$	814,084 \$	370,515 \$	191,759 \$	299,849 \$	108,090
46	8,261	6,667	-1,593	4,393	15,492	11,099	23,452	5,706	-17,745
47	322,766	265,573	-57,192	258,111	617,058	358,987	10,774	227,294	120,720
48	13,322	10,580	-2,741	42,801	24,585	-18,215	--	9,055	9,055
49	74,597	25,252	-49,345	16,487	58,676	42,189	4,300	21,612	17,312
50	37,781	42,275	4,494	121,777	98,232	-23,544	57,433	36,182	-21,250
\$	18,931 \$	5,614 \$	-13,316 \$	32,147 \$	22,339 \$	-9,807 \$	23,069 \$	8,228 \$	-14,840
\$	2,353,924 \$	2,353,924 \$	0 \$	5,317,794 \$	5,469,693 \$	151,899 \$	1,986,282 \$	2,014,636 \$	28,354

TABLE 3
STATE DEATH AND GIFT TAX REVENUE,
FOR STATES, REGIONS AND THE UNITED STATES, 1977
(IN THOUSANDS)

STATE AND REGION	EFFECT (COLLECTIONS)	ABILITY (TAX YIELD AT AVERAGE RATE)	NET UNUTILIZED ABILITY (1- OVERUTILIZATION)
NEW ENGLAND STATES	\$ 147,892	\$ 106,902	\$ -40,989
1 CONNECTICUT	49,019	30,554	-18,466
2 MAINE	8,041	7,661	-379
3 MASSACHUSETTS	71,933	50,831	-21,101
4 NEW HAMPSHIRE	7,340	6,611	-728
5 RHODE ISLAND	8,464	7,810	-1,153
6 VERMONT	2,595	3,435	840
MIDDLE ATLANTIC STATES	\$ 440,404	\$ 345,702	\$ -94,701
7 DELAWARE	7,660	5,396	-2,263
8 NEW JERSEY	86,497	72,301	-14,695
9 NEW YORK	199,273	166,651	-32,621
10 PENNSYLVANIA	146,474	101,355	-45,118
MIDWEST CENTRAL STATES	\$ 363,347	\$ 500,143	\$ 136,796
11 ILLINOIS	83,261	106,878	23,317
12 INDIANA	26,349	44,214	17,815
13 IOWA	33,068	24,089	-8,978
14 KANSAS	17,557	19,731	2,174
15 MICHIGAN	50,663	82,801	32,138
16 MINNESOTA	43,214	33,095	-10,118
17 MISSOURI	19,715	37,973	18,258
18 NEBRASKA	1,861	12,551	10,690
19 NORTH DAKOTA	3,650	4,809	1,159
20 OHIO	24,770	91,290	66,520
21 SOUTH DAKOTA	5,632	4,868	-763
22 WISCONSIN	53,257	37,844	-15,412
SOUTHERN STATES	\$ 323,659	\$ 497,964	\$ 174,305
23 ALABAMA	4,208	24,999	20,791
24 ARKANSAS	2,416	13,967	11,551
25 FLORIDA	49,319	67,849	18,530

ALL NOTES AND FOOTNOTES ARE ON PAGE 108.

TABLE 3 (CONTINUED)

STATE AND REGION	EFFORT (COLLECTIONS)	ABILITY (TAX YIELD AT AVERAGE RATE)	NET UNUTILIZED ABILITY (-) OVERUTILIZATION)
SEPER STATES (CONTINUED)			
26 GEORGIA	15,272	36,770	21,498
27 KENTUCKY	19,229	24,760	5,531
28 LOUISIANA	21,002	27,891	7,889
29 MARYLAND	19,845	38,084	18,239
30 MISSISSIPPI	4,294	14,245	9,951
31 NORTH CAROLINA	37,053	39,891	2,838
32 SOUTH CAROLINA	10,785	19,601	8,816
33 TENNESSEE	41,628	30,169	-11,458
34 TEXAS	66,568	104,035	37,467
35 VIRGINIA	23,958	42,322	18,364
36 WEST VIRGINIA	9,382	13,381	4,299
MOUNTAIN STATES	\$ 82,378	\$ 99,759	\$ 17,381
37 ARIZONA	4,723	17,734	13,011
38 COLORADO	26,516	22,191	-4,324
39 IDAHO	3,559	6,338	2,779
40 MONTANA	6,483	5,572	-910
41 NEVADA	--	5,939	5,939
42 NEW MEXICO	4,493	8,363	3,873
43 OKLAHOMA	27,451	21,230	-6,220
44 UTAH	5,564	8,857	3,293
45 WYOMING	3,592	3,535	-56
PACIFIC STATES	\$ 446,898	\$ 272,424	\$ -174,473
46 ALASKA	193	5,184	4,991
47 CALIFORNIA	366,334	206,505	-159,828
48 HAWAII	4,104	8,227	4,123
49 OREGON	28,445	19,635	-8,809
50 WASHINGTON	47,822	32,872	-14,949
DISTRICT OF COLUMBIA	\$ 19,852	\$ 7,475	\$ -12,376
ALL STATES INCLUDING DISTRICT OF COLUMBIA	\$ 1,824,430	\$ 1,830,369	\$ 5,939

TABLE 4
STATE AND LOCAL GENERAL PROPERTY TAX REVENUE
FOR STATES, REGIONS AND THE UNITED STATES, 1977
(IN THOUSANDS)

STATE AND REGION	PERCENT (COLLECTING)	ABILITY (TAX YIELD AT AVERAGE RATE)	NET UNUTILIZED ABILITY (%-) OVERUTILIZATION)
NEW ENGLAND STATES	\$ 5,171,466	\$ 3,652,315	\$ -1,519,150
1 CONNECTICUT	1,282,100	1,043,877	-238,222
2 MAINE	258,017	261,749	3,732
3 MASSACHUSETTS	2,841,509	1,736,653	-1,104,858
4 NEW HAMPSHIRE	324,604	275,859	-48,745
5 RHODE ISLAND	305,430	266,836	-38,594
6 VERMONT	152,738	117,345	-35,392
MIDDLE ATLANTIC STATES	\$ 13,912,803	\$ 11,810,951	\$ -2,101,851
7 DELAWARE	78,000	184,341	106,341
8 NEW JERSEY	3,430,791	2,470,160	-960,631
9 NEW YORK	8,033,768	5,693,638	-2,340,129
10 PENNSYLVANIA	2,370,324	3,462,811	1,092,487
NORTH CENTRAL STATES	\$ 16,417,054	\$ 17,087,419	\$ 670,365
11 ILLINOIS	3,574,470	3,651,492	77,022
12 INDIANA	1,293,660	1,510,585	216,925
13 IOWA	837,217	822,986	-14,230
14 KANSAS	653,447	674,102	20,655
15 MICHIGAN	3,024,792	2,828,917	-195,875
16 MINNESOTA	1,077,203	1,130,701	53,498
17 MISSOURI	927,070	1,297,357	370,287
18 NEBRASKA	556,715	428,794	-127,921
19 NORTH DAKOTA	145,105	164,307	19,202
20 OHIO	2,668,647	3,118,915	450,268
21 SOUTH DAKOTA	211,400	166,309	-45,090
22 WISCONSIN	1,389,510	1,292,952	-96,557
SOUTH STATES	\$ 11,289,569	\$ 17,012,988	\$ 5,723,419
23 ALABAMA	220,045	854,081	634,036
24 ARKANSAS	234,803	477,195	242,392
25 FLORIDA	1,783,655	2,318,083	534,428

ALL NOTES AND FOOTNOTES ARE ON PAGE 108.

TABLE 4 (CONTINUED)

STATE AND REGION	EFFECT (COLLECTIONS)	ANNUAL (TAX YIELD AT AVERAGE RATE)	NET UNUTILIZED ANNUAL (-1) OVERUTILIZATION
CORE STATES (CONTINUED)			
26. GEORGIA	950,805	1,256,240	299,437
27. KENTUCKY	384,315	845,952	466,619
28. LOUISIANA	388,747	952,897	564,150
29. MARYLAND	1,099,746	1,301,134	202,388
30. MISSISSIPPI	277,615	486,648	209,035
31. NORTH CAROLINA	771,841	1,362,852	591,051
32. SOUTH CAROLINA	369,124	669,665	300,541
33. TENNESSEE	667,800	1,030,727	422,927
34. TEXAS	2,989,955	3,554,354	569,399
35. VIRGINIA	957,477	1,445,538	448,461
36. WEST VIRGINIA	204,547	457,151	248,554
MOUNTAIN STATES	\$ 3,102,482	\$ 3,408,273	\$ 317,291
37. ARIZONA	727,935	605,883	-122,050
38. CALIFORNIA	822,738	758,144	-64,593
39. IDAHO	175,328	216,529	41,201
40. MONTANA	275,330	190,370	-84,960
41. NEVADA	183,805	202,403	22,098
42. NEW MEXICO	134,945	285,733	150,738
43. OREGON	378,803	725,328	346,528
44. UTAH	241,647	302,617	60,920
45. WYOMING	163,349	120,765	-42,583
PACIFIC STATES	\$ 12,483,942	\$ 9,307,374	\$ -3,176,562
46. ALABAMA	536,367	177,122	-359,244
47. CALIFORNIA	10,025,146	7,055,252	-2,969,893
48. HAWAII	149,200	281,079	131,879
49. OREGON	838,764	670,844	-167,919
50. WASHINGTON	934,465	1,123,082	188,617
DISTRICT OF COLUMBIA	\$ 165,824	\$ 255,395	\$ 89,571
ALL STATES INCLUDING DISTRICT OF COLUMBIA	\$ 62,534,720	\$ 62,534,720	\$ 0

TABLE 5

STATE AND LOCAL INDIVIDUAL AND CORPORATE INCOME TAX REVENUE,
FOR STATES, REGIONS AND THE UNITED STATES, 1977
(IN THOUSANDS)

STATE AND REGION	INDIVIDUAL INCOME TAXES			CORPORATE INCOME TAXES		
	EFFORT (COLLECTIONS)	ABILITY (TAX YIELD AT AVERAGE RATE)	NET UNUTILIZED ABILITY	EFFORT (COLLECTIONS)	ABILITY (TAX YIELD AT AVERAGE RATE)	NET UNUTILIZED ABILITY
NEW ENGLAND STATES	\$ 1,507,205	\$ 2,066,540	\$ 559,335	\$ 724,484	\$ 585,906	\$ -138,577
1 CONNECTICUT	59,333	590,643	531,310	201,742	167,459	-34,282
2 MAINE	75,157	148,102	72,945	35,200	41,990	6,790
3 MASSACHUSETTS	1,191,531	982,625	-208,905	397,237	278,594	-118,642
4 NEW HAMPSHIRE	7,066	127,795	120,729	32,563	36,232	3,669
5 RHODE ISLAND	103,784	150,980	47,196	40,842	42,806	1,964
6 VERMONT	70,334	66,396	-3,937	16,900	18,825	1,925
MIDDLE ATLANTIC STATES	\$ 8,686,099	\$ 6,682,829	\$ -2,003,269	\$ 2,322,805	\$ 1,894,719	\$ -428,085
7 DELAWARE	177,600	104,303	-73,296	29,036	29,572	536
8 NEW JERSEY	709,653	1,397,657	688,004	332,775	396,264	63,489
9 NEW YORK	5,863,475	3,221,553	-2,641,921	1,295,001	913,376	-381,624
10 PENNSYLVANIA	1,935,371	1,959,315	23,944	665,993	555,506	-110,486
NORTH CENTRAL STATES	\$ 8,218,685	\$ 9,668,341	\$ 1,449,656	\$ 2,471,848	\$ 2,741,172	\$ 269,324
11 ILLINOIS	1,413,368	2,066,074	652,706	384,410	585,774	201,364
12 INDIANA	514,359	854,714	340,355	86,198	242,329	156,131
13 IOWA	447,409	465,659	18,250	91,894	132,024	40,130
14 KANSAS	209,171	381,418	172,247	122,712	108,140	-14,571
15 MICHIGAN	1,653,067	1,600,648	-52,418	789,379	453,816	-335,562
16 MINNESOTA	956,933	639,769	-317,163	258,095	181,388	-76,706
17 MISSOURI	475,594	734,066	258,472	105,772	208,123	102,351
18 NEBRASKA	181,295	242,619	61,324	41,946	68,787	26,841
19 NORTH DAKOTA	55,037	92,968	37,931	21,800	26,358	4,558
20 OHIO	1,168,379	1,764,733	596,354	315,481	500,338	184,857
21 SOUTH DAKOTA	--	94,101	94,101	2,504	26,679	24,175
22 WISCONSIN	1,144,073	731,573	-412,499	251,657	207,416	-44,240
SREB STATES	\$ 4,835,054	\$ 9,626,226	\$ 4,791,172	\$ 1,545,255	\$ 2,729,232	\$ 1,183,977
23 ALABAMA	282,295	483,253	200,958	75,874	137,012	61,138
24 ARKANSAS	163,781	270,005	106,224	67,210	76,552	9,342
25 FLORIDA	--	1,311,609	1,311,609	194,199	371,868	177,669

ALL NOTES AND FOOTNOTES ARE ON PAGE 108.

TABLE 5 (CONTINUED)

STATE AND REGION	INDIVIDUAL INCOME TAXES			CORPORATE INCOME TAXES		
	EFFORT (COLLECTIONS)	ABILITY (TAX YIELD AT AVERAGE RATE)	NET UNUTILIZED ABILITY	EFFORT (COLLECTIONS)	ABILITY (TAX YIELD AT AVERAGE RATE)	NET UNUTILIZED ABILITY
SOUTH STATES (CONTINUED)						
26 GEORGIA	425,639	710,601	215,162	170,885	201,527	30,642
27 KENTUCKY	469,460	478,642	9,182	131,254	135,705	4,451
28 ILLINOIS	133,614	534,165	405,551	45,248	152,864	57,616
29 MASSACHUSETTS	1,135,144	736,243	-448,836	115,297	208,729	93,432
30 MISSISSIPPI	131,598	275,382	143,784	45,873	78,076	32,203
31 NORTH CAROLINA	742,092	771,146	-19,945	204,291	218,636	14,345
32 SOUTH CAROLINA	290,393	378,907	88,514	106,601	107,428	827
33 TENNESSEE	22,385	563,202	560,817	156,042	165,350	9,308
34 TEXAS	--	2,011,112	2,011,112	--	570,191	570,191
35 VIRGINIA	714,086	818,135	104,049	159,152	231,958	77,806
36 WEST VIRGINIA	164,071	258,663	93,952	23,329	73,336	50,007
MOUNTAIN STATES	\$ 1,135,583	\$ 1,928,457	\$ 772,874	\$ 313,341	\$ 546,757	\$ 233,416
37 ARIZONA	190,591	342,814	152,223	51,788	57,196	45,408
38 CALIFORNIA	338,420	428,971	90,551	80,575	121,622	41,047
39 IDAHO	112,470	122,516	10,046	31,034	34,736	3,702
40 MONTANA	111,862	107,714	-4,147	24,957	30,539	5,582
41 NEVADA	--	114,806	114,806	--	32,550	32,550
42 NEW MEXICO	26,639	161,672	135,033	24,486	45,837	16,351
43 OREGON	216,833	410,403	193,570	70,635	116,358	45,723
44 UTAH	158,269	171,226	12,958	24,866	48,546	23,680
45 WYOMING	--	68,331	68,331	--	19,373	19,373
PACIFIC STATES	\$ 4,596,184	\$ 5,266,267	\$ 670,083	\$ 1,796,076	\$ 1,493,095	\$ -302,980
46 ALASKA	210,338	100,218	-110,119	35,772	28,414	-7,357
47 CALIFORNIA	3,620,933	3,991,977	371,044	1,641,595	1,131,807	-509,787
48 HAWAII	203,318	159,039	-43,978	27,605	45,391	17,486
49 OREGON	561,895	379,575	-182,319	91,104	107,617	16,513
50 WASHINGTON	--	635,458	635,458	--	180,165	180,165
DISTRICT OF COLUMBIA	\$ 202,884	\$ 144,507	\$ -56,376	\$ 55,763	\$ 40,971	\$ -14,791
ALL STATES INCLUDING DISTRICT OF COLUMBIA	\$ 24,194,654	\$ 35,382,166	\$ 6,183,472	\$ 9,229,572	\$ 10,031,852	\$ 802,280

TABLE 6

STATE ALCOHOLIC BEVERAGE LICENSE TAX REVENUE,
FOR STATES, REGIONS AND THE UNITED STATES, 1977
(IN THOUSANDS)

STATE AND REGION	EFFORT (COLLECTIONS)	ABILITY (TAX YIELD AT AVERAGE RATE)	NET UNUTILIZED ABILITY (-) OVERUTILIZATION)
NEW ENGLAND STATES	\$ 8,154	\$ 10,439	\$ 2,285
1 CONNECTICUT	5,319	2,984	-2,334
2 MAINE	1,201	748	-452
3 MASSACHUSETTS	540	4,964	4,424
4 NEW HAMPSHIRE	564	646	82
5 RHODE ISLAND	102	763	661
6 VERMONT	420	335	-92
MIDDLE ATLANTIC STATES	\$ 48,610	\$ 33,758	\$ -14,851
7 DELAWARE	433	527	94
8 NEW JERSEY	2,800	7,060	4,180
9 NEW YORK	35,413	16,274	-20,138
10 PENNSYLVANIA	8,884	9,897	1,013
NORTH CENTRAL STATES	\$ 39,157	\$ 48,840	\$ 9,683
11 ILLINOIS	1,211	10,437	9,226
12 INDIANA	6,559	4,318	-2,240
13 IOWA	4,492	2,352	-2,139
14 KANSAS	838	1,927	1,089
15 MICHIGAN	11,728	8,086	-3,641
16 MINNESOTA	344	3,232	2,888
17 MISSOURI	1,691	3,708	2,017
18 NEBRASKA	132	1,226	1,094
19 NORTH DAKOTA	212	470	258
20 OHIO	11,744	8,915	-2,828
21 SOUTH DAKOTA	125	475	350
22 WISCONSIN	61	3,696	3,615
SOUTH STATES	\$ 37,765	\$ 48,627	\$ 10,862
23 ALABAMA	2,409	2,441	32
24 ARKANSAS	765	1,364	599
25 FLORIDA	12,757	6,626	-6,130

ALL NOTES AND FOOTNOTES ARE ON PAGE 108.

TABLE 6 (CONTINUED)

STATE AND REGION	EFFORT (COLLECTIONS)	ABILITY (TAX YIELD A- AVERAGE RATE)	NET UNUTILIZED ABILITY (1-1) OVERUTILIZATION)
SOUTH STATES (CONTINUED)			
26 GEORGIA	773	3,591	2,818
27 KENTUCKY	1,261	2,418	1,137
28 LOUISIANA	1,800	2,724	916
29 MARYLAND	231	3,719	3,488
30 MISSISSIPPI	1,813	1,391	-421
31 NORTH CAROLINA	532	3,895	3,360
32 SOUTH CAROLINA	2,345	1,514	-430
33 TENNESSEE	901	2,940	2,045
34 TEXAS	8,929	10,159	1,230
35 VIRGINIA	1,527	4,133	2,606
36 WEST VIRGINIA	1,691	1,307	-383
MOUNTAIN STATES	\$ 5,614	\$ 7,742	\$ 3,130
37 ARIZONA	1,501	1,752	151
38 CALIFORNIA	1,551	2,167	516
39 IDAHO	619	619	0
40 MONTANA	1,320	544	-783
41 NEVADA	42	580	538
42 NEW MEXICO	311	817	506
43 OREGON	942	2,073	1,081
44 UTAH	50	865	767
45 WYOMING	10	345	335
PACIFIC STATES	\$ 36,444	\$ 26,603	\$ -9,890
46 ALASKA	950	506	-443
47 CALIFORNIA	31,387	20,166	-11,220
48 HAWAII	--	803	803
49 OREGON	1,508	1,917	409
50 WASHINGTON	3,149	3,210	61
DISTRICT OF COLUMBIA	\$ 1,143	\$ 730	\$ -412
ALL STATES INCLUDING DISTRICT OF COLUMBIA	\$ 177,935	\$ 178,738	\$ 803

TABLE 7

NUMBER OF MOTOR VEHICLES REGISTERED
AND STATE AND LOCAL MOTOR VEHICLE LICENSE TAX REVENUE,
FOR STATES, REGIONS AND THE UNITED STATES, 1977
(IN THOUSANDS)

STATE AND REGION	NUMBER OF MOTOR VEHICLES REGISTERED, 1976	EFFORT (COLLECTIONS)	ABILITY (TAX YIELD AT AVERAGE RATE)	NET UNUTILIZED ABILITY (1-) OVERUTILIZATION)
NEW ENGLAND STATES	7,255	\$ 189,701	\$ 242,953	\$ 53,252
1 CONNECTICUT	2,009	61,670	67,277	5,607
2 MAINE	680	21,561	22,772	1,211
3 MASSACHUSETTS	3,192	54,089	106,892	52,803
4 NEW HAMPSHIRE	504	18,863	16,878	-1,984
5 RHODE ISLAND	576	17,075	19,284	2,214
6 VERMONT	294	16,443	9,845	-6,597
MIDDLE ATLANTIC STATES	20,409	\$ 801,354	\$ 683,449	\$ -117,914
7 DELAWARE	360	19,746	12,056	-7,689
8 NEW JERSEY	4,312	188,007	144,359	-43,647
9 NEW YORK	7,758	325,824	259,797	-66,026
10 PENNSYLVANIA	7,979	267,777	267,198	-578
NORTH CENTRAL STATES	37,640	\$ 1,430,681	\$ 1,260,474	\$ -170,206
11 ILLINOIS	6,542	383,927	219,076	-164,850
12 INDIANA	3,382	90,969	113,255	22,286
13 IOWA	2,157	119,817	72,233	-47,583
14 KANSAS	1,843	59,146	61,885	2,739
15 MICHIGAN	5,723	180,418	191,650	11,232
16 MINNESOTA	2,576	105,599	86,264	-19,334
17 MISSISSIPPI	2,424	104,326	97,918	-6,407
18 NEBRASKA	1,218	38,488	40,788	2,300
19 NORTH DAKOTA	509	23,467	19,054	-4,412
20 OHIO	7,464	214,983	250,119	35,136
21 SOUTH DAKOTA	549	18,713	18,385	-327
22 WISCONSIN	2,603	90,828	89,847	-980
SOUTH STATES	42,984	\$ 1,295,701	\$ 1,439,599	\$ 143,898
23 ALABAMA	2,590	44,529	86,733	42,204
24 ARKANSAS	1,327	40,452	44,438	3,986
25 FLORIDA	5,065	285,751	187,631	-98,119

ALL NOTES AND FOOTNOTES ARE ON PAGE 108.

TABLE 7 (CONTINUED)

STATE AND REGION	NUMBER OF MOTOR VEHICLES REGISTERED, 1970	EFFECT (COLLECTIONS)	ABILITY (MAX YIELD AT AVERAGE RATE)	% UNUTILIZED ABILITY (100 - OVERUTILIZATION)
SEER STATES (CONTINUED)				
26 GEORGIA	3,203	45,697	109,270	63,573
27 KENTUCKY	2,250	49,877	78,656	28,819
28 LOUISIANA	2,277	39,476	76,251	16,775
29 MARYLAND	2,208	79,530	83,987	8,457
30 MISSISSIPPI	1,424	21,607	47,686	26,079
31 NORTH CAROLINA	3,837	105,154	128,492	23,338
32 SOUTH CAROLINA	1,077	29,220	62,856	33,636
33 TENNESSEE	2,850	109,149	95,708	-13,440
34 TEXAS	8,674	286,146	290,472	4,326
35 VIRGINIA	3,346	124,270	113,791	-10,478
36 WEST VIRGINIA	1,303	38,843	33,568	-5,256
MOUNTAIN STATES	9,545	\$ 336,952	\$ 319,639	\$ -17,312
37 ARIZONA	1,491	50,779	49,953	-848
38 CALIFORNIA	1,998	50,934	66,774	15,840
39 IDAHO	681	25,076	22,805	-2,271
40 MONTANA	620	21,012	20,762	-249
41 NEVADA	476	17,288	15,940	-1,347
42 NEW MEXICO	663	29,376	28,900	-475
43 OKLAHOMA	2,181	96,953	73,037	-23,915
44 UTAH	681	15,283	29,503	14,220
45 WYOMING	350	30,251	11,989	-18,261
PACIFIC STATES	19,184	\$ 522,299	\$ 442,427	\$ 120,128
46 ALASKA	255	11,002	8,539	-2,462
47 CALIFORNIA	14,102	344,127	472,242	128,115
48 HAWAII	483	14,812	16,175	1,363
49 OREGON	1,670	79,945	56,192	-23,752
50 WASHINGTON	2,006	72,413	89,278	16,865
DISTRICT OF COLUMBIA	265	\$ 20,727	\$ 8,874	\$ -11,852
ALL STATES INCLUDING DISTRICT OF COLUMBIA	137,287	\$ 4,597,415	\$ 4,597,415	\$ 0

TABLE 8
MOTOR FUEL CONSUMPTION AND
STATE AND LOCAL MOTOR FUEL TAX REVENUE,
FOR STATES, REGIONS AND THE UNITED STATES, 1977
(IN THOUSANDS)

STATE AND REGION	HIGHWAY MOTOR FUEL CONSUMPTION (THOUSANDS OF GALLONS)	EFFORT (COLLECTIONS)	ABILITY (TAX YIELD AT AVERAGE RATE)	NET UNUTILIZED ABILITY (- OVERUTILIZATION)
NEW ENGLAND STATES	5,657,082	\$ 532,846	\$ 450,089	\$ -82,756
1 CONNECTICUT	1,449,749	159,159	115,345	-43,813
2 MAINE	599,530	55,293	47,700	-7,592
3 MASSACHUSETTS	2,507,504	214,168	199,502	-14,665
4 NEW HAMPSHIRE	428,356	40,279	34,081	-6,197
5 RHODE ISLAND	402,957	40,737	32,060	-8,676
6 VERMONT	268,988	23,210	21,401	-1,808
MIDDLE ATLANTIC STATES	15,234,674	\$ 1,340,860	\$ 1,212,103	\$ -128,756
7 DELAWARE	326,329	29,805	25,963	-3,841
8 NEW JERSEY	3,630,704	292,913	288,867	-4,045
9 NEW YORK	5,954,385	519,089	473,744	-45,344
10 PENNSYLVANIA	5,323,256	499,053	423,530	-75,522
NORTH CENTRAL STATES	31,692,770	\$ 2,470,444	\$ 2,521,544	\$ 51,100
11 ILLINOIS	5,553,695	405,680	441,864	36,184
12 INDIANA	3,146,853	262,607	250,370	-12,236
13 IOWA	1,798,619	133,108	143,102	9,994
14 KANSAS	1,459,920	119,001	116,154	-2,846
15 MICHIGAN	4,875,996	430,350	387,945	-42,404
16 MINNESOTA	2,149,099	197,109	170,987	-26,121
17 MISSOURI	2,895,267	204,591	230,356	25,765
18 NEBRASKA	970,857	87,935	77,243	-10,691
19 NORTH DAKOTA	402,092	29,777	31,991	2,214
20 OHIO	5,606,667	393,258	446,078	52,820
21 SOUTH DAKOTA	451,933	36,196	35,957	-238
22 WISCONSIN	2,381,742	170,832	189,496	18,664
SOUTH STATES	38,769,993	\$ 3,037,357	\$ 3,084,623	\$ 47,266
23 ALABAMA	2,185,259	187,964	173,864	-14,099
24 ARKANSAS	1,384,906	119,313	110,186	-9,126
25 FLORIDA	4,645,835	384,330	369,633	-14,696

ALL NOTES AND FOOTNOTES ARE ON PAGE 108.

TABLE B (CONTINUED)

STATE AND REGION	HIGHWAY MOTOR FUEL CONSUMPTION (THOUSANDS OF GALLONS)	EFFORT (COLLECTIONS)	ABILITY (TAX YIELD AT AVERAGE RATE)	NET UNUTILIZED ABILITY (100% OVERUTILIZATION)
SRRR STATES (CONTINUED)				
26 GEORGIA	3,209,447	245,264	255,350	10,086
27 KENTUCKY	1,960,442	184,376	155,977	-28,398
28 LOUISIANA	2,096,870	173,143	166,816	-6,326
29 MARYLAND	2,018,115	188,720	160,766	-28,153
30 MISSISSIPPI	1,367,159	141,621	108,773	-32,847
31 NORTH CAROLINA	3,169,741	289,692	252,112	-37,579
32 SOUTH CAROLINA	1,713,531	143,457	130,332	-13,125
33 TENNESSEE	2,020,913	192,807	208,525	15,718
34 TEXAS	4,572,231	444,118	682,027	237,909
35 VIRGINIA	2,078,890	265,149	229,051	-36,097
36 WEST VIRGINIA	497,835	80,363	75,412	-4,951
MOUNTAIN STATES	9,224,734	\$ 610,417	\$ 654,377	\$ 43,960
37 ARIZONA	1,352,465	111,507	107,605	-3,901
38 CALIFORNIA	1,529,298	102,378	121,352	18,974
39 IDAHO	523,474	44,925	41,689	-3,235
40 MONTANA	519,015	43,958	41,254	-2,663
41 NEVADA	404,293	36,874	38,531	1,657
42 NEW MEXICO	362,165	64,802	68,596	3,794
43 OKLAHOMA	1,466,078	123,826	148,469	24,643
44 UTAH	717,713	54,671	57,103	2,432
45 WYOMING	373,770	27,476	29,739	2,263
PACIFIC STATES	15,332,932	\$ 1,149,040	\$ 1,219,921	\$ 70,881
46 ALASKA	201,220	20,607	16,009	-4,597
47 CALIFORNIA	11,435,212	811,455	909,810	98,355
48 HAWAII	301,645	44,219	24,000	-20,218
49 OREGON	1,434,224	92,402	114,508	22,106
50 WASHINGTON	1,955,031	180,357	155,594	-24,762
DISTRICT OF COLUMBIA	261,554	\$ 22,504	\$ 20,810	\$ -1,693
ALL STATES INCLUDING DISTRICT OF COLUMBIA	119,173,739	\$ 9,163,468	\$ 9,163,468	\$ 0

TABLE 9
VALUE OF PRODUCTS SEVERED AND
SEVERANCE TAX REVENUE
FOR STATES, REGIONS AND THE UNITED STATES, 1977
(IN THOUSANDS)

STATE AND REGION	VALUE OF SEVERED PRODUCTS	EFFORT (COLLECTIONS)	ABILITY (TAX YIELD AT AVERAGE RATE)	NET UNUTILIZED ABILITY (1-2) OVERUTILIZATION
NEW ENGLAND STATES	\$ 359,754	\$ 144	\$ 18,635	\$ 18,491
1 CONNECTICUT	38,173	--	1,780	1,780
2 MAINE	101,229	--	4,719	4,719
3 MASSACHUSETTS	176,802	--	8,245	8,245
4 NEW HAMPSHIRE	16,402	144	765	621
5 RHODE ISLAND	20,920	--	1,348	1,348
6 VERMONT	38,102	--	1,779	1,779
MIDDLE ATLANTIC STATES	\$ 3,340,908	\$ --	\$ 141,757	\$ 141,757
7 DELAWARE	5,131	--	239	239
8 NEW JERSEY	179,521	--	8,369	8,369
9 NEW YORK	475,154	--	22,150	22,150
10 PENNSYLVANIA	2,381,102	--	110,999	110,999
NORTH CENTRAL STATES	\$ 7,039,730	\$ 92,389	\$ 328,169	\$ 235,780
11 ILLINOIS	1,152,181	--	53,711	53,711
12 INDIANA	444,899	580	20,740	20,160
13 IOWA	178,617	--	8,327	8,327
14 KANSAS	989,922	816	41,485	40,669
15 MICHIGAN	1,048,195	9,574	48,863	39,289
16 MINNESOTA	1,325,443	59,718	47,989	-11,728
17 MISSOURI	695,825	--	32,437	32,437
18 NEBRASKA	98,792	1,131	4,605	3,474
19 NORTH DAKOTA	159,543	15,418	7,437	-7,980
20 OHIO	1,113,447	3,918	51,929	48,011
21 SOUTH DAKOTA	102,998	536	4,801	4,265
22 WISCONSIN	125,308	698	5,844	5,146
SOUTHERN STATES	\$ 32,397,658	\$ 1,615,227	\$ 1,910,273	\$ -104,953
23 ALABAMA	818,824	13,757	38,171	24,414
24 ARKANSAS	415,049	10,495	19,348	8,853
25 FLORIDA	1,150,467	47,076	53,631	6,555

ALL NOTES AND FOOTNOTES ARE ON PAGE 108.

TABLE 9 (CONTINUED)

STATE AND REGION	VALUE OF SEVERED PRODUCTS	EFFORT (COLLECTIONS)	ABILITY (TAX YIELD AT AVERAGE RATE)	NET UNUTILIZED ABILITY (1-1) OVERUTILIZATION)
SEER STATES (CONTINUED)				
26. GEORGIA	405,945	--	18,924	18,924
27. KENTUCKY	2,969,060	113,005	119,761	6,756
28. LOUISIANA	8,290,685	495,498	386,485	-109,012
29. MARYLAND	205,044	--	9,558	9,558
30. MISSISSIPPI	432,867	25,358	20,179	-5,178
31. NORTH CAROLINA	200,927	--	9,367	9,367
32. SOUTH CAROLINA	124,700	--	5,813	5,813
33. TENNESSEE	403,349	2,052	18,803	16,751
34. TEXAS	13,852,452	907,281	649,756	-261,524
35. VIRGINIA	1,123,348	705	52,367	51,662
36. WEST VIRGINIA	2,404,941	--	112,111	112,111
MOUNTAIN STATES	\$ 9,816,220	\$ 396,205	\$ 457,600	\$ 61,395
37. ARIZONA	1,562,354	--	72,832	72,832
38. COLORADO	750,582	2,320	34,990	32,670
39. IDAHO	211,129	203	9,842	9,639
40. MONTANA	577,888	43,543	26,939	-16,603
41. NEVADA	257,876	105	12,021	11,916
42. NEW MEXICO	1,941,986	102,783	90,529	-12,253
43. OKLAHOMA	2,124,926	191,351	99,057	-92,293
44. UTAH	952,185	8,931	44,388	35,457
45. WYOMING	1,437,292	46,969	67,002	20,033
PACIFIC STATES	\$ 4,223,157	\$ 64,233	\$ 196,869	\$ 132,636
46. ALASKA	774,742	23,758	36,116	12,358
47. CALIFORNIA	2,999,408	1,530	139,823	138,293
48. HAWAII	51,468	--	2,399	2,399
49. OREGON	165,503	3,680	7,715	4,035
50. WASHINGTON	232,016	35,265	10,816	-24,448
DISTRICT OF COLUMBIA	--	\$ --	\$ --	\$ --
ALL STATES INCLUDING DISTRICT OF COLUMBIA	\$ 56,917,407	\$ 2,168,198	\$ 2,653,304	\$ 485,106

TABLE 10
STATE TRANSFER TAXES,
FOR STATES, REGIONS AND THE UNITED STATES, 1977
(IN THOUSANDS)

STATE AND REGION	EFFORT (COLLECTIONS)	ABILITY (TAX YIELD AT AVERAGE RATE)	NET UNUTILIZED ABILITY (-) OVERUTILIZATION)
NEW ENGLAND STATES	\$ 13,927	\$ 48,809	\$ 34,882
1 CONNECTICUT	--	13,950	13,950
2 MAINE	776	3,498	2,722
3 MASSACHUSETTS	8,853	23,208	14,355
4 NEW HAMPSHIRE	1,464	3,018	1,554
5 RHODE ISLAND	600	3,566	2,966
6 VERMONT	2,234	1,568	-665
MIDDLE ATLANTIC STATES	\$ 374,327	\$ 157,839	\$ -216,487
7 DELAWARE	8,574	2,463	-6,110
8 NEW JERSEY	12,719	33,011	20,292
9 NEW YORK	284,952	76,089	-208,863
10 PENNSYLVANIA	68,082	46,276	-21,805
NORTH CENTRAL STATES	\$ 25,794	\$ 228,352	\$ 202,558
11 ILLINOIS	5,068	48,798	42,730
12 INDIANA	--	20,187	20,187
13 IOWA	2,685	10,458	8,313
14 KANSAS	--	9,009	9,009
15 MICHIGAN	--	37,805	37,805
16 MINNESOTA	13,452	15,110	1,658
17 MISSOURI	--	17,338	17,338
18 NEBRASKA	1,417	5,730	4,313
19 NORTH DAKOTA	--	2,196	2,196
20 OHIO	--	41,680	41,680
21 SOUTH DAKOTA	--	2,223	2,223
22 WISCONSIN	2,172	17,279	15,107
SOUTHERN STATES	\$ 206,603	\$ 227,357	\$ 20,754
23 ALABAMA	5,585	11,414	5,829
24 ARKANSAS	2,248	6,377	4,129
25 FLORIDA	121,129	30,578	-90,150

ALL NOTES AND FOOTNOTES ARE ON PAGE 108.

TABLE 10 (CONTINUED)

STATE AND REGION	EFFORT (COLLECTIONS)	ABILITY (TAX YIELD AT AVERAGE RATE)	NET UNUTILIZED ABILITY (-- OVERUTILIZATION)
SEER STATES (CONTINUED)			
26 GEORGIA	4,230	16,788	12,558
27 KENTUCKY	2,084	11,305	9,221
28 LOUISIANA	--	12,734	12,734
29 MARYLAND	20,951	17,388	-3,562
30 MISSISSIPPI	--	6,504	6,504
31 NORTH CAROLINA	--	18,213	18,213
32 SOUTH CAROLINA	7,337	8,949	1,612
33 TENNESSEE	16,252	13,774	-2,477
34 TEXAS	--	47,499	47,499
35 VIRGINIA	24,486	19,323	-5,162
36 WEST VIRGINIA	2,301	6,109	3,808
MOUNTAIN STATES	\$ 4,112	\$ 45,547	\$ 41,435
37 ARIZONA	--	8,097	8,097
38 COLORADO	--	10,132	10,132
39 IDAHO	--	2,894	2,894
40 MONTANA	--	2,544	2,544
41 NEVADA	1,187	2,712	1,525
42 NEW MEXICO	--	3,818	3,818
43 OKLAHOMA	2,925	9,693	6,768
44 UTAH	--	4,044	4,044
45 WYOMING	--	1,614	1,614
PACIFIC STATES	\$ 5,721	\$ 129,381	\$ 118,660
46 ALASKA	--	2,367	2,367
47 CALIFORNIA	--	94,285	94,285
48 HAWAII	896	3,756	2,860
49 OREGON	259	8,965	8,706
50 WASHINGTON	4,566	15,009	10,443
DISTRICT OF COLUMBIA	\$ 7,446	\$ 3,413	\$ -4,032
ALL STATES INCLUDING DISTRICT OF COLUMBIA	\$ 637,930	\$ 835,698	\$ 197,768

TABLE 11
OTHER TAX REVENUE
AND TOTAL STATE AND LOCAL TAX REVENUE,
FOR STATES, REGIONS AND THE UNITED STATES, 1977
(IN THOUSANDS)

STATE AND REGION	PROPERTY TAXES	OTHER LICENSE TAXES	OTHER AND UNALLOCABLE TAXES	TOTAL STATE AND LOCAL TAXES
NEW ENGLAND STATES	\$ 94,715	\$ 101,794	\$ 44,605	\$ 10,955,861
1 CONNECTICUT	40,731	27,121	11,400	2,762,639
2 MAINE	1,242	16,487	1,700	714,167
3 MASSACHUSETTS	33,767	34,290	17,600	5,792,761
4 NEW HAMPSHIRE	19,305	12,076	6,301	548,528
5 RHODE ISLAND	1,722	5,649	4,009	741,241
6 VERMONT	1,948	6,171	3,555	396,525
MIDDLE ATLANTIC STATES	\$ 214,032	\$ 717,818	\$ 562,426	\$ 38,874,118
7 DELAWARE	6,105	88,433	3,926	492,382
8 NEW JERSEY	28,087	113,586	50,400	6,876,525
9 NEW YORK	153,162	127,721	119,500	22,444,749
10 PENNSYLVANIA	25,676	388,080	788,600	9,110,462
NORTH CENTRAL STATES	\$ 128,576	\$ 551,914	\$ 349,050	\$ 44,923,379
11 ILLINOIS	73,051	84,867	99,560	9,673,947
12 INDIANA	--	16,873	7,500	3,487,400
13 IOWA	--	24,710	19,900	2,205,135
14 KANSAS	--	23,669	14,600	1,692,205
15 MICHIGAN	25,671	53,976	42,600	8,083,727
16 MINNESOTA	--	45,920	35,927	3,601,665
17 MISSISSIPPI	--	51,191	39,300	2,943,294
18 NEBRASKA	6,349	14,950	--	1,291,718
19 NORTH DAKOTA	--	9,196	4,500	447,830
20 OHIO	21,455	177,021	63,800	6,986,409
21 SOUTH DAKOTA	2,050	6,576	3,500	441,515
22 WISCONSIN	--	42,965	17,913	6,068,494
SOUTHERN STATES	\$ 193,222	\$ 916,512	\$ 571,428	\$ 41,732,959
23 ALABAMA	--	63,166	53,800	1,920,354
24 ARKANSAS	12,194	21,200	9,762	1,073,713
25 FLORIDA	82,799	93,772	58,651	5,445,502

ALL NOTES AND FOOTNOTES ARE ON PAGE 108.

TABLE 11 (CONTINUED)

STATE AND REGION	PARIMUTUEL TAXES	OTHER LICENSE TAXES	OTHER AND UNALLOCABLE TAXES	TOTAL STATE AND LOCAL TAXES
SEER STATES (CONTINUED)				
26 GEORGIA	--	30,712	40,027	3,104,106
27 KENTUCKY	11,227	30,681	9,600	2,092,285
28 LOUISIANA	16,608	82,852	32,600	2,520,665
29 MARYLAND	17,637	23,474	95,086	3,691,812
30 MISSISSIPPI	--	35,360	4,600	1,285,206
31 NORTH CAROLINA	--	89,751	17,200	3,329,780
32 SOUTH CAROLINA	--	25,374	26,200	1,609,989
33 TENNESSEE	--	66,067	37,263	2,538,531
34 TEXAS	--	297,952	27,700	8,395,765
35 VIRGINIA	--	41,952	119,955	3,550,148
36 WEST VIRGINIA	12,757	14,199	38,984	1,175,103
MOUNTAIN STATES	\$ 16,806	\$ 187,050	\$ 111,886	\$ 9,615,372
37 ARIZONA	7,542	22,738	15,200	1,983,268
38 COLORADO	6,505	30,765	26,619	2,189,485
39 IDAHO	320	19,302	3,000	561,409
40 MONTANA	--	12,304	2,897	590,089
41 NEVADA	224	31,035	32,900	570,069
42 NEW MEXICO	2,208	12,351	10,800	749,104
43 OKLAHOMA	--	37,031	10,470	1,722,000
44 UTAH	--	10,621	7,600	844,259
45 WYOMING	7	10,903	2,400	405,689
PACIFIC STATES	\$ 113,883	\$ 254,190	\$ 537,689	\$ 30,622,955
46 ALASKA	--	13,163	4,789	937,074
47 CALIFORNIA	103,755	134,121	427,700	23,843,124
48 HAWAII	--	5,076	5,000	877,603
49 OREGON	4,561	48,416	50,700	1,930,417
50 WASHINGTON	5,567	48,414	49,500	3,034,737
DISTRICT OF COLUMBIA	--	\$ 8,238	\$ 27,500	\$ 767,383
ALL STATES INCLUDING DISTRICT OF COLUMBIA	\$ 721,234	\$ 2,737,516	\$ 2,204,584	\$ 177,491,987

TABLE 12
SUMMARY TABLE: UTILIZATION OF TAX ABILITY
FOR STATES, REGIONS AND THE UNITED STATES, 1977
(IN THOUSANDS)

STATE AND REGION	GENERAL SALES AND GROSS RECEIPTS TAXES	SELECTIVE SALES AND GROSS RECEIPTS TAXES	DEATH AND GIFT TAXES	GENERAL PROPERTY TAXES	INCOME TAXES	
					INDIVIDUAL	CORPORATE
NEW ENGLAND STATES	\$ 795,564 \$	-105,664 \$	-40,989 \$	-1,519,150 \$	559,335 \$	-138,577
1 CONNECTICUT	35,264	-11,766	-18,464	-238,222	531,313	-34,282
2 MAINE	-14,517	-2,175	-379	3,732	72,945	6,790
3 MASSACHUSETTS	587,494	-36,512	-21,101	-1,104,858	-208,905	-118,642
4 NEW HAMPSHIRE	133,874	-23,523	-728	-98,804	120,729	3,669
5 RHODE ISLAND	16,393	-1,582	-1,153	-38,601	47,196	1,964
6 VERMONT	37,058	-30,102	840	-42,392	-3,937	1,925
MIDDLE ATLANTIC STATES	\$ 644,778 \$	-43,871 \$	-94,701 \$	-2,101,931 \$	-2,303,269 \$	-428,185
7 DELAWARE	109,265	4,581	-2,263	106,341	-73,296	536
8 NEW JERSEY	551,049	-25,382	-14,695	-960,630	688,004	63,489
9 NEW YORK	-543,547	-96,634	-32,621	-2,340,129	-2,641,921	-381,624
10 PENNSYLVANIA	528,012	73,565	-45,118	1,092,487	23,944	-117,486
NORTH CENTRAL STATES	\$ 1,237,051 \$	936,251 \$	136,796 \$	677,365 \$	1,449,656 \$	269,324
11 ILLINOIS	-76,453	22,755	23,317	75,014	652,706	201,368
12 INDIANA	-150,194	254,308	17,815	216,917	340,355	156,131
13 IOWA	141,027	68,659	-8,978	-14,230	18,250	40,130
14 KANSAS	60,255	84,788	2,174	-21,844	172,247	-14,571
15 MICHIGAN	269,811	331,636	32,138	-200,874	-52,418	-335,562
16 MINNESOTA	200,647	-46,262	-10,118	53,418	-317,163	-76,706
17 MISSOURI	40,754	49,526	18,258	370,265	258,472	102,351
18 NEBRASKA	33,025	-27,336	10,690	-128,120	61,324	26,841
19 NORTH DAKOTA	-12,832	14,023	1,159	18,202	37,931	4,558
20 OHIO	645,422	86,426	66,520	450,268	596,354	184,857
21 SOUTH DAKOTA	-12,845	124	-763	-45,090	94,101	24,175
22 WISCONSIN	98,438	97,607	-15,412	-96,557	-412,499	-44,240
SOUTH STATES	\$ -181,845 \$	-1,242,413 \$	174,305 \$	5,723,419 \$	4,791,172 \$	1,183,977
23 ALABAMA	-87,010	-152,672	20,791	633,986	200,958	61,138
24 ARKANSAS	7,855	9,257	11,551	242,392	106,224	9,342
25 FLORIDA	-24,582	-334,343	18,530	534,428	1,311,609	177,669

ALL NOTES AND FOOTNOTES ARE ON PAGE 108.

TABLE 12 (CONTINUED)

STATE AND REGION	GENERAL SALES AND GROSS RECEIPTS TAXES	SELECTIVE SALES AND GROSS RECEIPTS TAXES	DEATH AND GIFT TAXES	GENERAL PROPERTY TAXES	INCOME TAXES	
					INDIVIDUAL	CORPORATE
SOUTHERN STATES (CONTINUED)						
26 GEORGIA	-28,698	-801	21,498	299,437	215,162	30,642
27 KENTUCKY	37,572	1,582	5,531	456,619	9,182	4,451
28 LOUISIANA	-244,761	14,793	7,889	564,150	405,551	57,616
29 MARYLAND	305,387	-49,124	18,239	202,388	-448,836	93,432
30 MISSISSIPPI	-186,981	5,788	9,951	209,085	143,784	32,203
31 NORTH CAROLINA	157,932	-30,017	2,838	591,051	-13,945	14,345
32 SOUTH CAROLINA	-18,343	-13,754	8,816	300,541	83,514	827
33 TENNESSEE	-318,293	-90,542	-11,458	422,927	560,817	9,304
34 TEXAS	109,739	-456,411	37,467	569,399	2,011,112	570,191
35 VIRGINIA	284,809	-131,466	18,364	448,461	104,049	72,806
36 WEST VIRGINIA	-176,465	-14,695	4,299	248,554	93,392	53,007
MOUNTAIN STATES	\$ -368,144 \$	\$ -23,802 \$	\$ 17,381 \$	\$ 307,291 \$	\$ 772,874 \$	\$ 233,416
37 ARIZONA	-247,182	-35,977	13,011	-122,050	152,228	45,438
38 CALIFORNIA	-114,491	60,256	-4,324	-64,593	90,051	41,047
39 IDAHO	24,484	14,251	2,779	41,201	10,346	3,702
40 MONTANA	112,839	2,794	-910	-84,965	-4,147	5,582
41 NEVADA	-14,176	-82,742	5,939	22,098	114,806	32,550
42 NEW MEXICO	-47,574	9,426	3,873	150,738	135,333	16,351
43 OKLAHOMA	88,635	-35,972	-6,220	346,528	193,573	45,723
44 UTAH	-87,577	28,503	3,293	60,920	12,958	23,680
45 WYOMING	-33,097	15,161	-56	-42,583	68,331	19,373
PACIFIC STATES	\$ -1,384,112 \$	\$ 690,189 \$	\$ -174,473 \$	\$ -3,176,562 \$	\$ 670,083 \$	\$ -302,980
46 ALASKA	73,586	-2,955	4,991	-359,244	-110,119	-7,357
47 CALIFORNIA	-1,061,736	737,082	-159,828	-2,965,893	371,044	-509,787
48 HAWAII	-174,411	-10,008	4,123	131,879	-43,978	17,486
49 OREGON	397,632	44,148	-8,809	-167,919	-182,319	16,513
50 WASHINGTON	-619,182	-78,075	-14,949	188,617	635,458	180,165
DISTRICT OF COLUMBIA	\$ 10,322 \$	\$ -30,432 \$	\$ -12,376 \$	\$ 89,571 \$	\$ -56,376 \$	\$ -14,791
ALL STATES INCLUDING DISTRICT OF COLUMBIA						
	\$ 753,610 \$	\$ 180,253 \$	\$ 5,939 \$	\$ 0 \$	\$ 6,183,472 \$	\$ 802,280

TABLE 12 (CONTINUED)

STATE AND REGION	LICENSE TAXES				NET UNUTILIZED CAPACITY (1-1) OVERUTILIZATION		
	ALCOHOLIC BEVERAGE	MOTOR VEHICLE	MOTOR FULL TAXES	SEVERANCE TAXES	TRANSFER TAXES		
NEW ENGLAND STATES	\$ 2,285	\$ 53,252	\$ -82,756	\$ 18,491	\$ 34,882	\$ -423,331	
1 CONNECTICUT	-2,334	5,607	-43,813	1,780	13,950	239,223	
2 MAINE	-452	1,211	-7,592	4,719	2,722	66,999	
3 MASSACHUSETTS	4,424	52,803	-14,665	8,245	14,355	-837,367	
4 NEW HAMPSHIRE	82	-1,984	-6,197	621	1,554	129,287	
5 RHODE ISLAND	601	2,214	-8,676	1,348	2,966	22,725	
6 VERMONT	-92	-6,597	-1,808	1,779	-665	43,997	
MIDDLE ATLANTIC STATES	\$ -14,851	\$ -117,904	\$ -128,756	\$ 141,757	\$ -216,487	\$ -4,363,328	
7 DELAWARE	44	-7,689	-3,841	239	-6,110	127,852	
8 NEW JERSEY	4,180	-43,607	-4,045	8,365	20,292	287,318	
9 NEW YORK	-20,130	-66,026	-45,344	22,150	-208,863	-6,354,705	
10 PENNSYLVANIA	1,013	-578	-75,522	110,999	-21,805	1,576,507	
NORTH CENTRAL STATES	\$ 9,683	\$ -170,206	\$ 51,100	\$ 235,780	\$ 202,558	\$ 5,035,357	
11 ILLINOIS	9,226	-164,650	36,184	53,711	42,730	875,702	
12 INDIANA	-2,240	22,286	-12,236	20,160	20,187	383,685	
13 IOWA	-2,134	-47,583	9,994	8,327	8,313	221,765	
14 KANSAS	1,049	2,739	-2,846	40,669	9,009	333,706	
15 MICHIGAN	-3,641	11,232	-42,404	39,289	37,805	87,008	
16 MINNESOTA	2,880	-19,334	-26,121	-11,728	1,658	-248,826	
17 MISSOURI	2,017	-6,407	25,765	32,437	17,338	910,774	
18 NEBRASKA	1,094	2,300	-10,691	3,474	4,313	-23,188	
19 NORTH DAKOTA	258	-4,412	2,214	-7,980	2,196	55,314	
20 OHIO	-2,828	35,136	52,820	48,011	41,680	2,204,663	
21 SOUTH DAKOTA	350	-327	-238	4,265	2,223	65,971	
22 WISCONSIN	3,615	-980	18,664	5,146	15,107	-331,115	
SOUTH STATES	\$ 10,862	\$ 143,898	\$ 47,266	\$ -104,952	\$ 20,754	\$ 19,566,440	
23 ALABAMA	32	42,204	-14,099	24,414	5,829	735,569	
24 ARKANSAS	599	3,986	-9,126	8,853	4,129	395,262	
25 FLORIDA	-6,130	-98,119	-14,696	6,555	-90,150	1,480,767	

TABLE 12 (CONTINUED)

STATE AND REGION	LICENSE TAXES					NET UNUTILIZED CAPACITY (-1) UNUTILIZATION	
	ALCOHOLIC BEVERAGE	MOTOR VEHICLE	MOTOR FUEL TAXES	SEVERANCE TAXES	TRANSFER TAXES		
SEER STATES (CONTINUED)							
26 GEORGIA	2,810	63,573	10,096	18,924	12,558	645,196	
27 KENTUCKY	1,137	28,819	-28,358	6,756	5,221	532,471	
28 LOUISIANA	916	36,775	-6,326	-109,012	12,734	740,323	
29 MARYLAND	3,480	8,457	-20,153	9,558	-3,562	111,270	
30 MISSISSIPPI	-421	26,075	-32,847	-5,178	6,534	207,964	
31 NORTH CAROLINA	3,360	23,358	-37,579	9,367	18,213	741,900	
32 SOUTH CAROLINA	-450	33,636	-4,164	5,813	1,612	413,165	
33 TENNESSEE	2,045	-13,440	15,718	16,751	-2,477	591,352	
34 TEXAS	1,230	4,326	237,909	-261,524	47,499	2,870,935	
35 VIRGINIA	2,600	-10,478	-56,097	51,662	-5,162	799,550	
36 WEST VIRGINIA	-363	-5,254	-4,950	112,111	3,808	311,019	
MOUNTAIN STATES	\$ 3,130	\$ -17,312	\$ 43,960	\$ 61,395	\$ 41,435	\$ 1,071,522	
37 ARIZONA	151	-868	-3,901	72,832	8,097	-118,235	
38 CALIFORNIA	516	15,840	18,574	32,670	10,132	86,374	
39 IDAHO	0	-2,270	-3,235	9,639	2,894	103,488	
40 MONTANA	-743	-249	-2,653	-16,603	2,544	13,452	
41 NEVADA	558	-1,347	1,657	11,916	1,525	92,781	
42 NEW MEXICO	506	-475	3,794	-12,253	3,818	213,735	
43 OREGON	1,001	-20,915	24,643	-92,253	6,768	548,544	
44 UTAH	767	14,220	2,432	35,457	4,044	98,696	
45 WYOMING	335	-18,261	2,263	20,033	1,614	33,108	
PACIFIC STATES	\$ -5,860	\$ 120,128	\$ 70,881	\$ 132,636	\$ 110,660	\$ -3,245,446	
46 ALASKA	-443	-2,462	-4,597	12,358	2,367	-293,879	
47 CALIFORNIA	-11,220	128,115	98,355	138,293	94,285	-3,145,295	
48 HAWAII	803	1,363	-20,218	2,395	2,860	-87,704	
49 OREGON	909	-23,752	22,106	4,035	8,706	111,248	
50 WASHINGTON	61	16,865	-24,762	-24,446	10,443	270,187	
DISTRICT OF COLUMBIA	\$ -612	\$ -11,852	\$ -1,693	\$ 0	\$ -4,032	\$ -32,378	
ALL STATES INCLUDING DISTRICT OF COLUMBIA	\$ 803	\$ 0	\$ 0	\$ 485,106	\$ 197,768	\$ 8,609,231	

TABLE 13

STATE AND LOCAL TAX COLLECTIONS BY SOURCE AS PERCENTAGES OF TOTAL
COLLECTIONS, FOR STATES, REGIONS AND THE UNITED STATES, 1977

STATE AND REGION	GENERAL SALES AND GROSS RECEIPTS	SELECTIVE SALES AND GROSS RECEIPTS	GENERAL PROPERTY TAXES	INCOME TAXES		
				INDIVIDUAL	CORPORATE	OTHER
NEW ENGLAND STATES	12.5	9.6	47.2	13.8	6.6	10.3
1 CONNECTICUT	21.1	10.2	46.4	2.1	7.3	12.8
2 MAINE	23.8	9.8	36.1	10.5	4.9	14.9
3 MASSACHUSETTS	7.6	8.4	49.1	20.6	6.9	7.5
4 NEW HAMPSHIRE	--	14.9	59.2	1.3	5.9	18.7
5 RHODE ISLAND	19.1	9.5	41.2	14.0	5.5	10.6
6 VERMONT	8.2	15.2	40.3	17.7	4.3	14.3
MIDDLE ATLANTIC STATES	16.4	8.0	35.8	22.3	6.0	11.6
7 DELAWARE	--	6.7	15.8	36.1	5.9	33.4
8 NEW JERSEY	13.4	9.7	50.3	10.4	4.9	11.4
9 NEW YORK	17.5	7.0	35.8	26.1	5.8	7.9
10 PENNSYLVANIA	16.7	9.0	26.0	21.2	7.3	19.7
NORTH CENTRAL STATES	19.8	7.7	36.5	18.3	5.5	12.1
11 ILLINOIS	23.2	9.5	37.0	14.6	4.0	11.8
12 INDIANA	37.0	3.9	37.1	14.7	2.5	11.8
13 IOWA	15.7	6.5	38.0	20.3	4.2	15.3
14 KANSAS	20.1	5.3	41.1	12.4	7.3	13.9
15 MICHIGAN	17.4	4.9	37.5	20.4	9.8	10.0
16 MINNESOTA	13.0	9.4	29.9	26.6	7.2	13.9
17 MISSOURI	24.7	9.7	31.5	16.2	3.6	14.3
18 NEBRASKA	17.1	10.7	43.1	14.0	3.2	11.8
19 NORTH DAKOTA	24.6	6.4	32.6	12.3	4.9	19.3
20 OHIO	17.2	10.3	38.2	16.7	4.5	13.0
21 SOUTH DAKOTA	25.2	9.7	47.9	--	0.6	16.6
22 WISCONSIN	16.4	5.8	34.2	28.1	6.2	9.3
SREB STATES	24.6	13.5	27.1	11.6	3.7	19.5
23 ALABAMA	30.9	19.4	11.5	14.7	4.0	19.5
24 ARKANSAS	25.6	10.6	21.9	15.3	6.3	20.4
25 FLORIDA	25.7	17.1	32.8	--	3.6	20.9

ALL NOTES AND FOOTNOTES ARE ON PAGE 108.

TABLE 13 (CONTINUED)

STATE AND REGION	GENERAL SALES AND GROSS RECEIPTS	SELECTIVE SALES AND GROSS RECEIPTS	GENERAL PROPERTY TAXES	INCOME TAXES		
				INDIVIDUAL	CORPORATE	OTHER
SOUTHERN STATES (CONTINUED)						
26 GEORGIA	24.9	10.5	30.8	16.0	5.5	12.3
27 KENTUCKY	22.2	10.4	18.6	22.4	6.3	21.1
28 LOUISIANA	32.1	9.2	15.4	5.3	3.8	34.2
29 MARYLAND	12.6	10.4	25.6	32.1	3.1	12.0
30 MISSISSIPPI	37.0	9.3	21.6	10.2	3.6	18.3
31 NORTH CAROLINA	13.5	11.5	23.2	23.5	6.1	16.2
32 SOUTH CAROLINA	29.8	11.6	22.9	18.0	6.0	15.0
33 TENNESSEE	36.6	14.1	23.9	0.9	0.1	18.4
34 TEXAS	23.8	16.4	35.6	--	--	24.3
35 VIRGINIA	16.1	14.2	26.1	20.1	4.5	17.0
36 WEST VIRGINIA	38.1	11.3	17.8	14.0	2.0	16.9
MOUNTAIN STATES	24.8	9.4	34.3	12.0	3.3	18.2
37 ARIZONA	33.6	4.7	36.7	9.6	2.6	10.8
38 CALIFORNIA	25.8	6.2	37.6	15.5	3.7	11.3
39 IDAHO	18.5	7.4	31.2	20.0	5.5	17.3
40 MONTANA	--	7.4	46.7	19.0	4.2	22.3
41 NEVADA	23.6	23.7	31.7	--	--	21.3
42 NEW MEXICO	35.6	6.5	16.0	3.6	3.4	30.3
43 OKLAHOMA	19.8	13.0	22.0	12.6	4.1	26.5
44 UTAH	31.7	5.9	26.6	18.7	2.9	12.2
45 WYOMING	25.8	4.0	40.3	--	--	30.0
PACIFIC STATES	24.5	2.6	47.8	15.0	5.9	17.2
46 ALASKA	3.4	5.2	57.2	22.4	3.8	7.9
47 CALIFORNIA	27.3	4.6	44.0	15.2	6.9	9.3
48 HAWAII	38.4	9.4	17.0	23.1	3.1	8.4
49 HAWAII	--	6.7	43.4	29.1	4.7	16.0
50 WASHINGTON	42.3	12.1	30.8	--	--	14.7
DISTRICT OF COLUMBIA	18.4	12.6	21.6	26.2	7.3	14.0
ALL STATES INCLUDING DISTRICT OF COLUMBIA	23.5	9.0	35.2	16.5	5.2	13.7

TABLE 14

TOTAL TAX REVENUES AS A PERCENT OF PERSONAL INCOME AND AS A PERCENT
OF GENERAL REVENUES; FEDERAL AIDS AS A PERCENT OF GENERAL
REVENUES; AND STATE RANK BURDEN INDEX,
FOR STATES, REGIONS, AND THE UNITED STATES, 1977

STATE AND REGION	TAXES AS A PERCENT OF		FEDERAL AIDS AS A PERCENT OF GENERAL REVENUES	TAX BURDEN INDEX RANK
	PERSONAL INCOME	GENERAL REVENUES FROM OWN SOURCE		
NEW ENGLAND STATES	13.0	--	--	--
1 CONNECTICUT	11.5	84.2	17.9	50
2 MAINE	11.8	81.6	31.3	9
3 MASSACHUSETTS	14.4	85.5	21.9	12
4 NEW HAMPSHIRE	10.5	77.3	23.0	35
5 RHODE ISLAND	12.0	80.7	27.3	30
6 VERMONT	14.6	80.5	29.4	1
MIDDLE ATLANTIC STATES	14.2	--	--	--
7 DELAWARE	11.6	73.7	23.4	44
8 NEW JERSEY	12.0	83.1	19.2	46
9 NEW YORK	17.1	81.3	19.1	3
10 PENNSYLVANIA	11.4	83.8	22.5	37
MORT4 CENTRAL STATES	11.4	--	--	--
11 ILLINOIS	11.5	83.8	19.6	47
12 INDIANA	10.0	76.9	18.2	48
13 IOWA	11.6	75.8	20.1	32
14 KANSAS	10.9	75.9	19.7	41
15 MICHIGAN	12.4	77.5	21.5	33
16 MINNESOTA	13.8	76.4	20.8	11
17 MISSOURI	9.8	78.9	24.0	45
18 NEBRASKA	13.0	74.7	18.2	14
19 NORTH DAKOTA	11.8	65.0	25.9	17
20 OHIO	9.7	75.9	20.0	51
21 SOUTH DAKOTA	11.5	72.1	26.7	13
22 WISCONSIN	13.6	75.7	19.8	8
SRFB STATES	10.6	--	--	--
23 ALABAMA	9.7	69.2	28.6	31
24 ARKANSAS	9.7	74.8	29.1	25
25 FLORIDA	10.2	72.9	19.6	42

ALL NOTES AND FOOTNOTES ARE ON PAGE 108.

TABLE 14 (CONTINUED)

STATE AND REGION	TAXES AS A PERCENT OF		FEDERAL AIDS AS A PERCENT OF GENERAL REVENUES	TAX BURDEN INDEX RANK
	PERSONAL INCOME	GENERAL REVENUES FROM OWN SOURCE		
SREB STATES (CONTINUED)				
26 GEORGIA	10.7	73.1	24.6	28
27 KENTUCKY	10.7	77.4	26.6	24
28 LOUISIANA	11.5	70.8	25.8	16
29 MARYLAND	12.3	78.0	20.6	36
30 MISSISSIPPI	11.4	71.0	28.3	2
31 NORTH CAROLINA	10.6	79.3	27.4	29
32 SOUTH CAROLINA	10.4	72.7	25.7	20
33 TENNESSEE	10.7	75.9	25.6	21
34 TEXAS	10.2	74.7	19.9	43
35 VIRGINIA	10.6	78.6	22.7	40
36 WEST VIRGINIA	11.1	80.4	28.7	19
MOUNTAIN STATES	12.2	--	--	--
37 ARIZONA	14.2	80.0	18.1	4
38 COLORADO	12.5	75.3	21.1	26
39 IDAHO	11.2	77.0	27.5	22
40 MONTANA	13.4	76.1	28.8	5
41 NEVADA	12.2	73.2	18.5	39
42 NEW MEXICO	11.4	65.6	27.4	15
43 OKLAHOMA	10.3	71.8	25.6	34
44 UTAH	12.1	75.5	27.5	7
45 WYOMING	14.5	72.2	26.2	10
PACIFIC STATES	14.2	--	--	--
46 ALASKA	22.9	77.5	20.5	6
47 CALIFORNIA	14.6	82.5	20.4	18
48 HAWAII	13.5	78.3	29.2	27
49 OREGON	12.5	72.5	25.5	23
50 WASHINGTON	11.7	73.2	23.7	38
DISTRICT OF COLUMBIA	13.0	86.9	58.0	49
ALL STATES INCLUDING DISTRICT OF COLUMBIA	12.3	--	--	--

TABLE 15

FEDERAL INCOME TAX RETURNS, PERCENTAGES OF TOTAL NUMBER, BY ADJUSTED GROSS INCOME CLASS, FOR STATES, REGIONS, AND THE UNITED STATES, 1975

STATE AND REGION	UNDER \$5,000	\$5,000- 9,999	\$10,000- 14,999	\$15,000- 24,999	\$25,000- 49,999	\$50,000 OR OVER	NUMBER OF RETURNS
NEW ENGLAND STATES	31.5	23.3	18.4	19.1	6.5	1.3	4,859,254
1 CONNECTICUT	30.7	18.9	17.8	21.9	8.8	1.9	1,243,732
2 MAINE	34.2	28.2	19.2	14.1	3.7	0.7	406,518
3 MASSACHUSETTS	31.2	23.7	18.0	19.4	6.4	1.2	2,321,090
4 NEW HAMPSHIRE	30.9	26.8	19.9	16.9	4.6	0.9	338,499
5 RHODE ISLAND	33.8	23.3	19.7	17.5	4.7	1.0	370,662
6 VERMONT	31.3	30.2	18.7	14.6	4.5	0.7	178,753
MIDDLE ATLANTIC STATES	27.1	24.2	18.9	20.8	7.6	1.4	14,604,692
7 DELAWARE	28.1	24.0	17.6	20.1	8.8	1.4	236,081
8 NEW JERSEY	27.5	22.0	17.5	22.0	9.4	1.6	2,918,856
9 NEW YORK	26.2	24.8	18.6	20.8	8.2	1.5	6,876,422
10 PENNSYLVANIA	28.3	24.7	20.3	20.3	5.5	1.3	4,573,333
NORTH CENTRAL STATES	29.7	22.4	19.1	21.2	6.5	1.1	22,238,336
11 ILLINOIS	27.9	20.6	18.3	23.4	8.4	1.4	4,476,990
12 INDIANA	29.6	23.0	19.4	21.0	6.0	1.3	2,022,623
13 IOWA	31.9	21.8	18.5	20.0	6.5	1.2	1,106,216
14 KANSAS	31.1	23.8	18.6	19.5	5.7	1.3	887,400
15 MICHIGAN	27.9	21.4	18.8	23.2	7.6	1.1	3,352,873
16 MINNESOTA	31.6	22.1	18.3	21.0	5.9	1.1	1,526,676
17 MISSOURI	34.1	22.6	17.8	18.7	5.7	1.0	1,783,749
18 NEBRASKA	32.2	25.1	17.7	18.0	5.7	1.2	614,764
19 NORTH DAKOTA	31.4	26.2	17.8	16.9	6.1	1.6	243,847
20 OHIO	27.6	24.0	21.4	20.5	5.6	1.3	4,181,357
21 SOUTH DAKOTA	36.3	27.1	16.9	14.5	4.4	0.8	253,077
22 WISCONSIN	32.0	21.6	19.4	21.1	4.9	0.9	1,788,831
SOUTH STATES	32.2	26.4	17.6	17.1	5.6	1.2	23,381,024
23 ALABAMA	33.6	26.0	18.2	16.6	4.6	0.9	1,190,083
24 ARKANSAS	37.8	27.3	17.4	13.3	3.3	0.9	698,413
25 FLORIDA	34.0	26.1	16.8	16.0	5.8	1.3	3,180,918

ALL NOTES AND FOOTNOTES ARE ON PAGE 108.

TABLE 15 (CONTINUED)

STATE AND REGION	UNDER \$5,000	\$5,000- 9,999	\$10,000- 14,999	\$15,000- 24,999	\$25,000- 49,999	\$50,000 OR OVER	NUMBER OF RETURNS
SEER STATES (CONTINUED)							
26 GEORGIA	32.2	27.8	17.1	16.6	5.3	0.9	1,776,459
27 KENTUCKY	35.7	24.6	18.3	16.3	4.1	0.9	1,158,570
28 LOUISIANA	34.3	23.5	17.9	18.1	5.0	1.1	1,276,694
29 MARYLAND	26.3	22.6	17.5	21.9	10.4	2.8	1,679,907
30 MISSISSIPPI	34.2	31.1	17.1	13.9	3.0	0.8	721,187
31 NORTH CAROLINA	32.4	29.6	18.0	15.5	3.8	0.8	2,004,177
32 SOUTH CAROLINA	31.8	32.2	17.7	14.8	3.9	0.7	1,008,927
33 TENNESSEE	32.9	28.0	18.1	15.8	4.2	0.9	1,529,190
34 TEXAS	31.9	25.4	17.3	17.9	6.3	1.3	4,628,025
35 VIRGINIA	29.2	24.7	17.7	19.4	7.9	1.3	1,918,538
36 WEST VIRGINIA	27.6	26.7	21.5	19.4	4.0	0.9	609,955
MOUNTAIN STATES	33.5	24.1	17.6	17.9	5.8	1.0	4,792,322
37 ARIZONA	33.1	24.8	17.5	17.8	5.8	1.3	845,747
38 CALIFORNIA	31.4	23.5	16.9	19.6	7.5	1.2	1,041,115
39 IDAHO	34.2	23.7	18.9	17.0	5.0	1.3	308,738
40 MONTANA	36.7	23.3	17.6	16.5	4.9	1.3	297,369
41 NEVADA	31.3	24.8	17.9	18.3	6.6	1.1	272,997
42 NEW MEXICO	38.1	24.2	17.1	14.4	5.4	1.7	419,365
43 OKLAHOMA	34.0	25.8	17.6	16.9	4.8	1.3	1,011,707
44 UTAH	33.0	22.0	19.3	20.1	4.9	0.8	440,270
45 WYOMING	31.9	21.2	17.7	21.8	6.1	1.3	155,939
PACIFIC STATES	29.9	23.2	17.2	20.0	8.5	1.2	11,542,270
46 ALASKA	23.4	15.1	13.1	20.3	24.7	3.4	154,800
47 CALIFORNIA	30.1	23.3	16.9	19.9	8.6	1.3	8,660,529
48 HAWAII	31.9	22.2	15.7	20.0	9.1	1.1	358,510
49 OREGON	31.5	23.8	18.8	18.9	6.0	1.3	925,316
50 WASHINGTON	27.9	23.3	18.4	21.2	8.1	0.4	1,443,115
DISTRICT OF COLUMBIA	26.9	29.8	19.1	14.9	7.8	1.5	309,551
ALL STATES INCLUDING DISTRICT OF COLUMBIA	30.3	24.1	18.2	19.5	6.7	1.2	81,727,136

TABLE 16

STATE AND LOCAL TAX ABILITY AND ABILITY UTILIZATION, AND
EXTENT OF UTILIZATION, ALL TAXES AND MAJOR TAXES,
FOR STATES, REGIONS, AND THE UNITED STATES, 1977

STATE AND REGION	TAX EFFORT (1,000)	NET OVER AND UNDER UTILIZATION OF ABILITY (1,000)	TAX ABILITY (COLS. 1+2) (1,000)	PERCENTAGE OF ABILITY UTILIZED
NEW ENGLAND STATES	\$ 10,755,861	\$ -423,331	\$ 10,532,529	104.0
1 CONNECTICUT	2,762,639	239,023	3,001,662	92.0
2 MAINE	714,167	66,999	781,166	91.4
3 MASSACHUSETTS	5,792,761	-837,367	4,955,393	116.9
4 NEW HAMPSHIRE	548,528	129,287	677,815	80.9
5 RHODE ISLAND	741,241	22,725	763,966	97.1
6 VERMONT	396,525	-43,997	352,527	112.5
MIDDLE ATLANTIC STATES	\$ 38,874,116	\$ -4,363,328	\$ 34,510,789	112.6
7 DELAWARE	492,382	127,852	620,234	79.4
8 NEW JERSEY	6,826,525	287,018	7,113,543	96.0
9 NEW YORK	22,444,749	-6,354,705	16,090,043	139.5
10 PENNSYLVANIA	9,110,462	1,576,507	10,686,969	85.2
NORTH CENTRAL STATES	\$ 44,923,339	\$ 5,035,357	\$ 49,958,696	89.9
11 ILLINOIS	9,673,947	875,702	10,549,649	91.7
12 INDIANA	3,487,400	883,485	4,370,885	79.8
13 IOWA	2,205,135	221,765	2,426,900	90.9
14 KANSAS	1,692,205	333,706	2,025,911	83.5
15 MICHIGAN	8,383,727	87,008	8,470,735	98.9
16 MINNESOTA	3,001,665	-248,826	3,352,838	107.4
17 MISSOURI	2,943,294	910,774	3,854,068	76.4
18 NEBRASKA	1,291,718	-23,088	1,268,629	101.8
19 NORTH DAKOTA	447,830	55,314	503,144	89.0
20 OHIO	6,986,409	2,204,663	9,191,072	76.0
21 SOUTH DAKOTA	441,515	65,971	507,486	87.0
22 WISCONSIN	4,068,494	-331,115	3,737,378	108.9
SOUTH STATES	\$ 41,732,959	\$ 10,566,440	\$ 52,299,399	79.8
23 ALABAMA	1,920,354	735,569	2,655,923	72.3
24 ARKANSAS	1,373,713	395,062	1,468,775	73.1
25 FLORIDA	5,445,502	1,480,767	6,926,269	78.6

ALL NOTES AND FOOTNOTES ARE ON PAGE 108.

TABLE 16 (CONTINUED)

STATE AND REGION	TAX EFFORT (1,000)	NET OVER AND UNDER UTILIZATION OF ABILITY (1,000)	TAX ABILITY (COLS. 1+2) (1,000)	PERCENTAGE OF ABILITY UTILIZED
SEER STATES (CONTINUED)				
26 GEORGIA	3,104,106	645,196	3,749,302	82.8
27 KENTUCKY	2,192,285	532,470	2,624,755	79.7
28 LOUISIANA	2,520,665	740,323	3,260,988	77.3
29 MARYLAND	3,691,812	111,270	3,803,082	97.1
30 MISSISSIPPI	1,285,206	207,964	1,493,170	86.1
31 NORTH CAROLINA	3,329,780	741,900	4,071,680	81.8
32 SOUTH CAROLINA	1,009,984	403,065	2,013,054	80.0
33 TENNESSEE	2,538,531	591,352	3,129,883	81.1
34 TEXAS	8,395,765	2,870,935	11,266,700	74.5
35 VIRGINIA	3,550,148	799,550	4,349,698	81.6
36 WEST VIRGINIA	1,175,103	311,019	1,486,122	79.1
MOUNTAIN STATES	\$ 9,615,372	\$ 1,071,622	\$ 10,686,994	90.0
37 ARIZONA	1,783,268	-118,235	1,865,032	106.3
38 CALIFORNIA	2,189,485	86,074	2,275,559	96.2
39 IDAHO	561,409	103,488	664,897	84.4
40 MONTANA	590,089	13,432	603,521	97.8
41 NEVADA	570,069	92,781	662,850	86.0
42 NEW MEXICO	749,104	213,735	962,839	77.8
43 OKLAHOMA	1,722,000	548,544	2,270,544	75.8
44 UTAH	844,259	98,696	942,955	89.5
45 WYOMING	405,689	33,108	438,797	92.5
PACIFIC STATES	\$ 30,622,955	\$ -3,245,446	\$ 27,377,508	111.9
46 ALASKA	937,074	-393,879	543,194	172.5
47 CALIFORNIA	23,843,124	-3,145,295	20,697,828	115.2
48 HAWAII	877,603	-87,705	789,897	111.1
49 OREGON	1,930,417	111,248	2,041,665	94.6
50 WASHINGTON	3,034,737	270,187	3,304,924	91.8
DISTRICT OF COLUMBIA	\$ 767,383	\$ -32,078	\$ 735,304	104.4
ALL STATES INCLUDING DISTRICT OF COLUMBIA	\$ 177,491,987	\$ 8,639,231	\$ 186,101,218	95.4

TABLE 16 (CONTINUED)

PERCENTAGE OF ABILITY UTILIZED

STATE AND REGION	GENERAL SALES TAXES	SELECTIVE SALES TAXES	PROPERTY TAXES	INCOME TAXES	
				INDIVIDUAL	CORPORATE
NEW ENGLAND STATES	63.3	111.2	141.6	72.9	123.7
1 CONNECTICUT	54.3	104.4	122.8	10.0	120.5
2 MAINE	109.4	103.2	98.6	50.7	83.8
3 MASSACHUSETTS	42.5	108.1	163.6	121.3	142.6
4 NEW HAMPSHIRE	--	140.3	143.7	5.5	89.9
5 RHODE ISLAND	89.6	102.3	114.5	68.7	95.4
6 VERMONT	46.7	199.3	136.1	105.9	89.8
MIDDLE ATLANTIC STATES	90.8	101.4	117.8	130.0	122.6
7 DELAWARE	--	90.4	42.3	170.3	98.2
8 NEW JERSEY	62.4	104.0	138.9	50.8	84.0
9 NEW YORK	116.1	106.6	141.1	102.0	141.8
10 PENNSYLVANIA	74.3	51.8	66.5	98.8	119.9
NORTH CENTRAL STATES	87.8	78.8	96.0	85.0	90.2
11 ILLINOIS	103.5	97.6	97.9	68.4	65.6
12 INDIANA	116.8	34.9	85.6	60.2	35.6
13 IOWA	71.1	67.7	101.7	96.1	69.6
14 KANSAS	84.6	51.3	103.2	54.8	113.5
15 MICHIGAN	83.9	54.6	107.1	103.3	173.9
16 MINNESOTA	70.1	115.8	95.3	149.6	142.3
17 MISSOURI	94.7	85.2	71.5	64.8	50.8
18 NEBRASKA	87.0	124.7	129.9	74.7	61.0
19 NORTH DAKOTA	113.2	67.0	88.9	55.2	82.7
20 OHIO	65.1	89.5	85.6	66.2	63.1
21 SOUTH DAKOTA	113.0	99.7	127.1	--	9.4
22 WISCONSIN	87.2	70.8	107.5	156.4	121.3
SOUTHERN STATES	101.8	128.3	66.4	50.2	56.6
23 ALABAMA	117.2	169.2	25.8	58.4	55.4
24 ARKANSAS	97.2	92.5	49.2	60.7	87.8
25 FLORIDA	101.8	155.8	76.9	--	52.2

TABLE 16 (CONTINUED)

PERCENTAGE OF ABILITY UTILIZED

STATE AND REGION	GENERAL SALES TAXES	SELECTIVE SALES TAXES	PROPERTY TAXES	INCOME TAXES	
				INDIVIDUAL	CORPORATE
OTHER STATES (CONTINUED)					
26 GEORGIA	103.9	100.2	70.2	69.7	84.8
27 KENTUCKY	92.5	99.3	46.0	98.1	96.7
28 LOUISIANA	143.3	94.0	40.8	24.8	62.3
29 MARYLAND	60.4	114.6	84.4	161.0	55.2
30 MISSISSIPPI	164.6	95.4	57.0	47.8	58.8
31 NORTH CAROLINA	80.4	108.5	56.6	101.4	93.4
32 SOUTH CAROLINA	134.6	107.9	55.1	76.6	99.2
33 TENNESSEE	152.1	134.0	59.0	3.8	94.4
34 TEXAS	94.8	149.7	84.3	--	--
35 VIRGINIA	66.8	135.2	69.0	87.3	68.6
36 WEST VIRGINIA	105.1	112.4	45.6	63.7	31.8
MOUNTAIN STATES	118.2	102.7	91.0	59.9	57.3
37 ARIZONA	168.8	123.0	120.1	55.6	53.3
38 COLORADO	125.5	69.2	108.5	79.0	60.3
39 IDAHO	80.9	74.5	81.0	91.8	89.3
40 MONTANA	--	94.3	144.6	103.9	81.7
41 NEVADA	111.8	257.8	89.1	--	--
42 NEW MEXICO	157.6	86.6	47.2	16.5	64.3
43 OKLAHOMA	79.4	114.2	52.2	52.8	60.7
44 UTAH	148.8	63.0	79.9	92.4	51.2
45 WYOMING	146.2	51.4	135.3	--	--
PACIFIC STATES	125.1	71.3	134.1	87.3	120.3
46 ALASKA	29.9	106.5	302.8	209.9	125.9
47 CALIFORNIA	125.4	59.6	142.1	90.7	145.0
48 HAWAII	244.7	113.8	53.1	127.7	61.2
49 OREGON	--	74.5	125.0	148.0	84.7
50 WASHINGTON	193.0	126.9	83.2	--	--
DISTRICT OF COLUMBIA	93.2	146.1	64.9	139.0	136.1
ALL STATES INCLUDING DISTRICT OF COLUMBIA	98.0	98.9	100.0	82.5	92.0

TABLE 17

TOTAL TAX REVENUE, BY LEVEL OF GOVERNMENT,
STATE TAXES AS A PERCENT OF TOTAL STATE AND LOCAL TAXES
FOR STATES, REGIONS, AND THE UNITED STATES, 1977
(IN THOUSANDS)

STATE AND REGION	STATE TAX REVENUE	LOCAL TAX REVENUE	TOTAL TAX REVENUE	STATE TAX REVENUE AS A PERCENT OF TOTAL TAX REVENUE
NEW ENGLAND STATES	\$ 5,752,761	\$ 5,203,100	\$ 10,955,861	52.5
1 CONNECTICUT	1,497,139	1,305,500	2,762,639	52.7
2 MAINE	468,567	245,600	714,167	65.6
3 MASSACHUSETTS	2,934,261	2,858,500	5,792,761	50.7
4 NEW HAMPSHIRE	223,328	325,200	548,528	40.7
5 RHODE ISLAND	438,041	302,400	741,241	59.2
6 VERMONT	230,625	165,900	396,525	58.2
MIDDLE ATLANTIC STATES	\$ 19,864,610	\$ 19,009,500	\$ 38,874,110	51.1
7 DELAWARE	390,882	101,500	492,382	79.4
8 NEW JERSEY	3,103,725	3,722,800	6,826,525	45.5
9 NEW YORK	10,743,249	11,701,500	22,444,749	47.9
10 PENNSYLVANIA	5,626,762	3,483,700	9,110,462	61.8
NORTH CENTRAL STATES	\$ 24,279,959	\$ 18,643,400	\$ 44,923,359	58.5
11 ILLINOIS	5,319,547	4,354,400	9,673,947	55.0
12 INDIANA	2,162,900	1,324,500	3,487,400	62.0
13 IOWA	1,325,035	880,100	2,205,135	60.1
14 KANSAS	969,005	723,200	1,692,205	57.3
15 MICHIGAN	4,910,627	3,173,100	8,083,727	60.7
16 MINNESOTA	2,485,565	1,116,100	3,601,665	69.0
17 MISSOURI	1,598,094	1,345,200	2,943,294	54.3
18 NEBRASKA	612,918	678,800	1,291,718	47.4
19 NORTH DAKOTA	296,330	151,500	447,830	66.2
20 OHIO	3,566,509	3,319,900	6,886,409	52.5
21 SOUTH DAKOTA	200,115	241,400	441,515	45.3
22 WISCONSIN	2,733,294	1,335,200	4,068,494	67.2
SOUTHERN STATES	\$ 26,643,059	\$ 15,089,900	\$ 41,732,959	63.8
23 ALABAMA	1,404,154	516,200	1,920,354	73.1
24 ARKANSAS	802,913	270,800	1,073,713	74.8
25 FLORIDA	3,274,802	2,170,700	5,445,502	60.1

ALL NOTES AND FOOTNOTES ARE ON PAGE 108.

TABLE 17 (CONTINUED)

STATE AND REGION	STATE TAX REVENUE	LOCAL TAX REVENUE	TOTAL TAX REVENUE	STATE TAX REVENUE AS A PERCENT OF TOTAL TAX REVENUE
SEER STATES (CONTINUED)				
26 GEORGIA	1,906,566	1,197,699	3,104,166	61.4
27 KENTUCKY	1,560,385	531,900	2,092,285	74.6
28 LOUISIANA	1,718,605	802,000	2,520,665	68.2
29 MARYLAND	2,127,712	1,564,100	3,691,812	57.6
30 MISSISSIPPI	981,200	304,000	1,285,206	76.3
31 NORTH CAROLINA	2,384,780	945,000	3,329,780	71.6
32 SOUTH CAROLINA	1,187,589	422,400	1,609,989	73.8
33 TENNESSEE	1,529,531	1,009,000	2,538,531	60.3
34 TEXAS	4,750,065	3,645,700	8,395,765	56.6
35 VIRGINIA	2,193,488	1,457,000	3,650,148	59.8
36 WEST VIRGINIA	921,603	253,500	1,175,103	78.4
MOUNTAIN STATES	\$ 5,775,172	\$ 3,840,200	\$ 9,615,372	60.1
37 ARIZONA	1,160,068	823,200	1,983,268	58.5
38 COLORADO	1,377,285	1,112,200	2,189,485	62.9
39 IDAHO	375,509	165,900	541,409	69.4
40 MONTANA	319,789	270,300	590,089	54.0
41 NEVADA	329,065	241,000	570,065	57.7
42 NEW MEXICO	597,604	151,500	749,104	79.8
43 OKLAHOMA	1,139,000	583,000	1,722,000	66.1
44 UTAH	541,759	302,500	844,259	64.2
45 WYOMING	235,089	170,600	405,689	57.9
PACIFIC STATES	\$ 17,198,555	\$ 13,424,600	\$ 30,622,955	56.2
46 ALASKA	773,474	163,600	937,074	82.5
47 CALIFORNIA	12,589,124	11,254,000	23,843,124	52.8
48 HAWAII	685,703	191,900	877,603	78.1
49 OREGON	1,019,217	911,200	1,930,417	52.8
50 WASHINGTON	2,130,637	903,900	3,034,737	70.2
DISTRICT OF COLUMBIA	--	\$ 767,383	\$ 767,383	--
ALL STATES INCLUDING DISTRICT OF COLUMBIA	\$ 101,513,904	\$ 75,978,083	\$ 177,491,987	57.2

TABLE 18

STATE AND LOCAL TAX EFFORT AND ABILITY,
PER CAPITA AND PER \$1,000 OF PERSONAL INCOME,
FOR STATES, REGIONS, AND THE UNITED STATES, 1977

STATE AND REGION	TAXES PER CAPITA		TAXES PER \$1,000 OF PERSONAL INCOME	
	EFFORT	ABILITY	EFFORT	ABILITY
NEW ENGLAND STATES	\$ 894.94	\$ 860.36	\$ 129.87	\$ 124.85
1 CONNECTICUT	888.83	965.79	114.58	124.49
2 MAINE	658.22	719.97	118.12	129.20
3 MASSACHUSETTS	1,001.86	857.04	144.41	123.53
4 NEW HAMPSHIRE	646.09	798.37	105.14	129.92
5 RHODE ISLAND	792.77	817.08	120.26	123.95
6 VERMONT	820.96	729.87	146.29	130.06
MIDDLE ATLANTIC STATES	\$ 1,033.34	\$ 917.35	\$ 142.49	\$ 126.50
7 DELAWARE	846.02	1,065.69	115.64	145.66
8 NEW JERSEY	931.44	970.60	119.64	124.67
9 NEW YORK	1,252.22	897.68	170.66	122.34
10 PENNSYLVANIA	773.06	906.83	113.90	133.61
NORTH CENTRAL STATES	\$ 775.34	\$ 862.25	\$ 113.82	\$ 126.58
11 ILLINOIS	860.29	938.16	114.70	125.08
12 INDIANA	654.30	820.05	99.95	125.27
13 IOWA	765.94	842.97	116.00	127.67
14 KANSAS	727.52	870.99	108.68	130.11
15 MICHIGAN	885.50	895.03	123.71	125.04
16 MINNESOTA	906.08	843.48	137.90	128.38
17 MISSOURI	613.06	802.76	98.22	128.61
18 NEBRASKA	827.49	812.70	130.42	128.09
19 NORTH DAKOTA	685.80	770.51	118.00	132.57
20 OHIO	652.87	858.60	96.98	127.68
21 SOUTH DAKOTA	640.81	736.55	114.93	132.11
22 WISCONSIN	874.76	803.56	136.23	125.14
SOUTH STATES	\$ 634.58	\$ 795.25	\$ 106.20	\$ 133.09
23 ALABAMA	520.42	719.76	97.34	134.63
24 ARKANSAS	500.80	685.06	97.41	133.25
25 FLORIDA	644.29	819.48	101.73	129.36

ALL NOTES AND FOOTNOTES ARE ON PAGE 108.

TABLE 10 (CONTINUED)

STATE AND REGION	TAXES PER CAPITA		TAXES PER \$1,000 OF PERSONAL INCOME	
	EFFORT	ABILITY	EFFORT	ABILITY
SEER STATES (CONTINUED)				
26 GEORGIA	614.92	742.73	106.97	129.21
27 KENTUCKY	605.36	759.04	107.08	134.33
28 LOUISIANA	642.86	831.67	114.52	148.16
29 MARYLAND	891.96	918.84	122.84	126.54
30 MISSISSIPPI	537.97	625.02	114.32	132.82
31 NORTH CAROLINA	602.68	736.96	105.77	129.34
32 SOUTH CAROLINA	559.80	699.95	104.08	130.14
33 TENNESSEE	590.49	728.05	106.62	131.46
34 TEXAS	654.39	878.15	102.26	137.25
35 VIRGINIA	641.36	847.07	106.33	130.23
36 WEST VIRGINIA	632.12	799.42	111.28	140.74
MOUNTAIN STATES	\$ 748.80	\$ 832.26	\$ 122.14	\$ 135.75
37 ARIZONA	863.79	812.30	141.71	133.26
38 CALIFORNIA	836.00	868.87	125.03	129.94
39 IDAHO	655.19	775.84	112.25	132.94
40 MONTANA	775.41	793.06	134.20	137.25
41 NEVADA	900.58	1,047.16	121.63	141.43
42 NEW MEXICO	629.50	809.11	113.50	145.88
43 OKLAHOMA	812.59	807.74	102.78	135.52
44 UTAH	665.82	743.66	120.78	134.90
45 WYOMING	999.23	1,080.78	145.43	157.30
PACIFIC STATES	\$ 1,047.58	\$ 936.56	\$ 142.44	\$ 127.35
46 ALASKA	2,302.39	1,334.63	229.04	132.77
47 CALIFORNIA	1,088.93	945.28	146.31	127.01
48 HAWAII	980.56	862.57	135.17	121.66
49 OREGON	812.47	859.29	124.58	131.76
50 WASHINGTON	829.62	903.48	116.98	127.40
DISTRICT OF COLUMBIA	\$ 1,112.15	\$ 1,065.66	\$ 130.08	\$ 124.64
ALL STATES INCLUDING DISTRICT OF COLUMBIA	\$ 820.47	\$ 860.27	\$ 122.88	\$ 128.84

TABLE 19

STATE AND LOCAL NONTAX GENERAL REVENUE, EFFORT AND ABILITY,
NET UNUTILIZED TAX ABILITY, AND TOTAL NET TAX AND NONTAX
UNUTILIZED ABILITY, FOR STATES, REGIONS, AND THE UNITED STATES, 1977
(IN THOUSANDS)

STATE AND REGION	EFFORT (NONTAX GENERAL REVENUE)	ABILITY (YIELD AT AVERAGE RATE)	NET UNUTILIZED ABILITY, NONTAX REVENUE	NET UNUTILIZED ABILITY, TAX REVENUE	TOTAL NET UNUTILIZED ABILITY, TAX AND NONTAX
NEW ENGLAND STATES	\$ 2,084,600	\$ 2,765,037	\$ 680,437	\$ -423,331	\$ 257,105
1 CONNECTICUT	514,800	790,282	275,482	239,023	514,505
2 MAINE	161,000	193,160	37,160	66,999	104,159
3 MASSACHUSETTS	982,600	1,314,755	332,155	-837,367	-515,212
4 NEW HAMPSHIRE	153,900	170,990	17,090	129,287	146,377
5 RHODE ISLAND	177,300	202,012	24,712	22,725	47,437
6 VERMONT	95,000	88,838	-6,161	-43,997	-50,159
MIDDLE ATLANTIC STATES	\$ 8,484,100	\$ 8,941,648	\$ 457,548	\$ -4,363,328	\$ -3,905,780
7 DELAWARE	172,300	139,558	-32,741	127,852	95,110
8 NEW JERSEY	1,393,200	1,870,070	476,870	287,318	763,888
9 NEW YORK	5,160,000	4,310,450	-849,549	-6,354,705	-7,204,256
10 PENNSYLVANIA	1,758,600	2,621,571	862,971	1,576,507	2,439,478
NORTH CENTRAL STATES	\$ 12,378,600	\$ 12,936,274	\$ 557,674	\$ 5,035,357	\$ 5,593,031
11 ILLINOIS	1,870,400	2,764,414	894,014	875,702	1,769,716
12 INDIANA	1,044,200	1,143,610	99,410	883,485	982,895
13 IOWA	687,800	623,054	-64,745	221,765	157,019
14 KANSAS	536,700	510,339	-26,360	333,706	307,345
15 MICHIGAN	2,327,000	2,141,672	-185,327	87,308	-98,319
16 MINNESOTA	1,113,600	856,013	-257,586	-248,826	-506,412
17 MISSOURI	780,100	982,183	202,083	910,774	1,112,857
18 NEBRASKA	409,900	324,625	-85,274	-23,388	-108,663
19 NORTH DAKOTA	239,400	124,391	-115,008	55,314	-59,694
20 OHIO	2,172,700	2,361,219	188,519	2,234,863	2,393,182
21 SOUTH DAKOTA	167,900	125,907	-41,992	65,971	23,978
22 WISCONSIN	1,028,900	978,848	-50,051	-331,115	-381,167
SOUTH STATES	\$ 13,695,700	\$ 12,879,924	\$ -815,775	\$ 10,566,440	\$ 9,750,664
23 ALABAMA	834,200	646,594	-187,605	735,569	547,963
24 ARKANSAS	356,700	361,268	4,568	395,062	399,630
25 FLORIDA	1,977,200	1,754,938	-222,261	1,480,767	1,258,505

ALL NOTES AND FOOTNOTES ARE ON PAGE 108.

TABLE 19 (CONTINUED)

STATE AND REGION	EFFORT (NONTAX GENERAL REVENUE)	ABILITY (YIELD AT AT AVERAGE RATE)	NET UNUTILIZED ABILITY, NONTAX REVENUE	NET UNUTILIZED ABILITY, TAX REVENUE	TOTAL NET UNUTILIZED ABILITY, TAX AND NONTAX
SOER STATES (CONTINUED)					
26 GEORGIA	1,128,700	951,054	-177,645	645,196	467,550
27 KENTUCKY	607,600	640,425	32,825	532,470	565,294
28 LOUISIANA	1,026,100	721,405	-304,694	743,323	438,627
29 MARYLAND	1,034,600	985,042	-49,557	111,270	56,712
30 MISSISSIPPI	513,600	368,462	-145,137	207,964	62,826
31 NORTH CAROLINA	859,200	1,031,796	176,596	741,900	918,496
32 SOUTH CAROLINA	591,700	506,979	-84,720	403,365	318,344
33 TENNESSEE	771,400	780,327	8,927	591,352	599,878
34 TEXAS	2,760,500	2,690,874	-75,625	2,870,935	2,795,310
35 VIRGINIA	944,800	1,094,668	149,868	799,550	949,418
36 WEST VIRGINIA	282,000	346,093	64,093	311,019	375,111
MOUNTAIN STATES	\$ 3,706,800 \$	2,580,282 \$	-626,517 \$	1,071,622 \$	445,114
37 ARIZONA	475,100	458,693	-16,406	-118,235	-134,642
38 COLORADO	736,200	573,964	-132,235	86,374	-46,161
39 IDAHO	163,800	163,927	127	103,488	103,615
40 MONTANA	183,200	144,122	-39,077	13,432	-25,645
41 NEVADA	206,700	153,610	-53,089	92,781	39,692
42 NEW MEXICO	384,500	216,318	-173,181	213,735	40,553
43 OKLAHOMA	654,100	549,120	-109,979	548,544	438,564
44 UTAH	268,400	229,101	-34,298	98,696	59,397
45 WYOMING	154,800	91,427	-63,372	33,108	-27,264
PACIFIC STATES	\$ 7,381,900 \$	7,046,284 \$	-335,615 \$	-3,245,446 \$	-3,581,062
46 ALASKA	271,900	134,093	-137,806	-393,879	-531,687
47 CALIFORNIA	5,055,500	5,341,279	285,779	-3,145,295	-2,859,516
48 HAWAII	242,400	212,795	-29,604	-87,705	-117,310
49 OREGON	713,900	507,872	-206,027	111,248	-94,779
50 WASHINGTON	1,098,200	850,245	-247,954	270,187	22,232
DISTRICT OF COLUMBIA	\$ 111,100 \$	193,351 \$	82,251 \$	-32,178 \$	50,172
ALL STATES INCLUDING DISTRICT OF COLUMBIA	\$ 47,342,800 \$	47,342,800 \$	0 \$	8,609,231 \$	8,609,231

TABLE 20

UTILIZATION OF STATE AND LOCAL TAX ABILITY,
ALABAMA, 1977

TYPE OF TAX	AMOUNT COLLECTED DUE TO ABOVE AVERAGE RATE	AMOUNT COLLECTED DUE TO BELOW AVERAGE RATE
GENERAL SALES AND GROSS RECEIPTS	\$ 87,011,000	\$
SELECTIVE SALES AND GROSS RECEIPTS		
ALCOHOLIC BEVERAGES	50,953,000	
TOBACCO PRODUCTS	8,740,000	
INSURANCE	14,625,000	
PUBLIC UTILITIES	82,127,000	
POWER		3,772,000
STATE DEATH AND GIFT		20,791,000
GENERAL PROPERTY		633,986,000
INDIVIDUAL INCOME		200,958,000
CORPORATE INCOME		61,138,000
STATE ALCOHOLIC BEVERAGE LICENSE		32,000
MOTOR VEHICLE LICENSE		42,204,000
MOTOR FUEL	14,100,000	
SEVERANCE		24,414,000
TRANSFER		5,829,000
TOTALS	\$ 257,556,000	\$ 993,125,000
NET UNUTILIZED POTENTIAL (EXCESS OF "BELOW AVERAGE" YIELDS OVER "ABOVE AVERAGE" YIELDS)		\$ 735,569,000

ALL NOTES AND FOOTNOTES ARE ON PAGE 108.

TABLE 21
UTILIZATION OF STATE AND LOCAL TAX ABILITY,
ARKANSAS, 1977

TYPE OF TAX	AMOUNT COLLECTED DUE TO ABOVE AVERAGE RATE	AMOUNT COLLECTED DUE TO BELOW AVERAGE RATE
GENERAL SALES AND GROSS RECEIPTS	\$	\$ 7,855,000
SELECTIVE SALES AND GROSS RECEIPTS		
ALCOHOLIC BEVERAGES		1,418,000
TORACCO PRODUCTS	18,353,000	
INSURANCE	2,520,000	
PUBLIC UTILITIES		14,639,000
OTHER		14,073,000
STATE DEATH AND GIFT		11,551,000
GENERAL PROPERTY		242,392,000
INDIVIDUAL INCOME		106,224,000
CORPORATE INCOME		9,342,000
STATE ALCOHOLIC BEVERAGE LICENSE		599,000
MOTOR VEHICLE LICENSE		3,986,000
MOTOR FUEL	9,127,000	
SEVERANCE		8,853,000
TRANSFER		4,129,000
TOTALS	\$ 30,000,000	\$ 428,062,000
NET UNUTILIZED POTENTIAL (EXCESS OF "BELOW AVERAGE" YIELDS OVER "ABOVE AVERAGE" YIELDS)	\$	395,062,000

ALL NOTES AND FOOTNOTES ARE ON PAGE 108.

TABLE 22

UTILIZATION OF STATE AND LOCAL TAX ABILITY,
FLORIDA, 1977

TYPE OF TAX	AMOUNT COLLECTED DUE TO ABOVE AVERAGE RATE	AMOUNT COLLECTED DUE TO BELOW AVERAGE RATE
GENERAL SALES AND GROSS RECEIPTS	\$ 24,583,000	\$
SELECTIVE SALES AND GROSS RECEIPTS		
ALCOHOLIC BEVERAGES	87,260,000	
TOBACCO PRODUCTS	51,831,000	
INSURANCE		5,650,000
PUBLIC UTILITIES	228,112,000	
OTHER		26,910,000
STATE DEATH AND GIFT		18,530,000
GENERAL PROPERTY		534,428,000
INDIVIDUAL INCOME		1,311,609,000
CORPORATE INCOME		177,669,000
STATE ALCOHOLIC BEVERAGE LICENSE	6,151,000	
MOTOR VEHICLE LICENSE	98,120,000	
MOTOR FUELS	14,697,000	
SEVERANCE		6,555,000
TRANSFER	90,151,000	
TOTALS	\$ 600,886,000	\$ 2,081,652,000
NET UNUTILIZED POTENTIAL (EXCESS OF "BELOW AVERAGE" YIELDS OVER "ABOVE AVERAGE" YIELDS)		+\$ 1,480,767,000

ALL NOTES AND FOOTNOTES ARE ON PAGE 108.

TABLE 23
UTILIZATION OF STATE AND LOCAL TAX ABILITY,
GEORGIA, 1977

TYPE OF TAX	AMOUNT COLLECTED DUE TO ABOVE AVERAGE RATE	AMOUNT COLLECTED DUE TO BELOW AVERAGE RATE
GENERAL SALES AND GROSS RECEIPTS	\$ 28,699,000	\$
SELECTIVE SALES AND GROSS RECEIPTS		
ALCOHOLIC BEVERAGES	71,654,000	
TOBACCO PRODUCTS	1,636,000	
INSURANCE	4,062,000	
PUBLIC UTILITIES		52,179,000
OTHER		24,371,000
STATE DEATH AND GIFT		21,498,000
GENERAL PROPERTY		299,437,000
INDIVIDUAL INCOME		215,162,000
CORPORATE INCOME		30,642,000
STATE ALCOHOLIC BEVERAGE LICENSE		2,816,000
MOTOR VEHICLE LICENSE		63,573,000
MOTOR FUEL		10,086,000
SEVERANCE		18,924,000
TRANSFER		12,558,000
TOTALS	\$ 106,051,000	\$ 751,247,000
NET UNUTILIZED POTENTIAL (EXCESS OF "BELOW AVERAGE" YIELDS OVER "ABOVE AVERAGE" YIELDS)	\$	\$ 645,196,000

ALL NOTES AND FOOTNOTES ARE ON PAGE 108.

TABLE 24

UTILIZATION OF STATE AND LOCAL TAX ABILITY,
KENTUCKY, 1977

TYPE OF TAX	AMOUNT COLLECTED DUE TO ABOVE AVERAGE RATE	AMOUNT COLLECTED DUE TO BELOW AVERAGE RATE
GENERAL SALES AND GROSS RECEIPTS	\$	\$ 37,572,000
SELECTIVE SALES AND GROSS RECEIPTS		
ALCOHOLIC BEVERAGES		21,501,000
TOBACCO PRODUCTS		26,875,000
INSURANCE	18,264,000	
PUBLIC UTILITIES		43,591,000
OTHER	72,121,000	
STATE DEATH AND GIFT		5,531,000
GENERAL PROPERTY		456,619,000
INDIVIDUAL INCOME		9,182,000
CORPORATE INCOME		4,451,000
STATE ALCOHOLIC BEVERAGE LICENSE		1,137,000
MOTOR VEHICLE LICENSE		28,819,000
MOTOR FUELS	28,399,000	
SEVERANCE		6,756,000
TRANSFER		9,221,000
TOTALS	\$ 118,784,000	\$ 651,253,000
NET UNUTILIZED POTENTIAL (EXCESS OF "BELOW AVERAGE" YIELDS OVER "ABOVE AVERAGE" YIELDS)	+\$	532,470,000

ALL NOTES AND FOOTNOTES ARE ON PAGE 108.

TABLE 25
UTILIZATION OF STATE AND LOCAL TAX ABILITY,
LOUISIANA, 1977

TYPE OF TAX	AMOUNT COLLECTED DUE TO ABOVE AVERAGE RATE	AMOUNT COLLECTED DUE TO BELOW AVERAGE RATE
GENERAL SALES AND GROSS RECEIPTS	\$ 244,762,000	\$
SELECTIVE SALES AND GROSS RECEIPTS		
ALCOHOLIC BEVERAGES	7,977,000	
TOBACCO PRODUCTS	1,614,000	
INSURANCE	13,005,000	
PUBLIC UTILITIES		24,386,000
OTHER		13,004,000
STATE DEATH AND GIFT		7,889,000
GENERAL PROPERTY		564,150,000
INDIVIDUAL INCOME		405,551,000
CORPORATE INCOME		57,616,000
STATE ALCOHOLIC BEVERAGE LICENSE		916,000
MOTOR VEHICLE LICENSE		36,775,000
MOTOR FUELS	6,327,000	
SEVERANCE	109,013,000	
TRANSFER		12,734,000
TOTALS	\$ 382,698,000	\$ 1,123,021,000
NET UNUTILIZED POTENTIAL (EXCESS OF "BELOW AVERAGE" YIELDS OVER "ABOVE AVERAGE" YIELDS)		\$ 740,323,000

ALL NOTES AND FOOTNOTES ARE ON PAGE 108.

TABLE 26

UTILIZATION OF STATE AND LOCAL TAX ABILITY,
MARYLAND, 1977

TYPE OF TAX	AMOUNT COLLECTED DUE TO ABOVE AVERAGE RATE	AMOUNT COLLECTED DUE TO BELOW AVERAGE RATE
GENERAL SALES AND GROSS RECEIPTS	\$	\$ 305,387,000
SELECTIVE SALES AND GROSS RECEIPTS		
ALCOHOLIC BEVERAGES		27,726,000
TOBACCO PRODUCTS		21,215,000
INSURANCE	20,391,000	
PUBLIC UTILITIES		9,184,000
OTHER	86,858,000	
STATE DEATH AND GIFT		18,239,000
GENERAL PROPERTY		202,388,000
INDIVIDUAL INCOME	448,837,000	
CORPORATE INCOME		93,432,000
STATE ALCOHOLIC BEVERAGE LICENSE		3,488,000
MOTOR VEHICLE LICENSE		8,457,000
MOTOR FUELS	28,154,000	
SEVERANCE		9,558,000
TRANSFER	3,563,000	
TOTALS	\$ 587,804,000	\$ 699,073,000
NET UNUTILIZED POTENTIAL (EXCESS OF "BELOW AVERAGE" YIELDS OVER "ABOVE AVERAGE" YIELDS)		\$ 111,270,000

ALL NOTES AND FOOTNOTES ARE ON PAGE 108.

TABLE 27

UTILIZATION OF STATE AND LOCAL TAX ABILITY,
MISSISSIPPI, 1977

TYPE OF TAX	AMOUNT COLLECTED DUE TO ABOVE AVERAGE RATE	AMOUNT COLLECTED DUE TO BELOW AVERAGE RATE
GENERAL SALES AND GROSS RECEIPTS	\$ 186,982,000	\$
SELECTIVE SALES AND GROSS RECEIPTS		
ALCOHOLIC BEVERAGES	19,114,000	
TOBACCO PRODUCTS	2,807,000	
INSURANCE	8,504,000	
PUBLIC UTILITIES		23,070,000
OTHER		13,143,000
STATE DEATH AND GIFT		9,951,000
GENERAL PROPERTY		209,085,000
INDIVIDUAL INCOME		143,784,000
CORPORATE INCOME		32,203,000
STATE ALCOHOLIC BEVERAGE LICENSE	422,000	
MOTOR VEHICLE LICENSE		26,079,000
MOTOR FUELS	32,848,000	
SEVERANCE	5,179,000	
TRANSFER		6,504,000
TOTALS	\$ 255,856,000	\$ 463,820,000
NET UNUTILIZED POTENTIAL (EXCESS OF "BELOW AVERAGE" YIELDS OVER "ABOVE AVERAGE" YIELDS)		\$ 207,964,000

ALL NOTES AND FOOTNOTES ARE ON PAGE 108.

TABLE 28

UTILIZATION OF STATE AND LOCAL TAX ABILITY,
NORTH CAROLINA, 1977

TYPE OF TAX	AMOUNT COLLECTED DUE TO ABOVE AVERAGE RATE	AMOUNT COLLECTED DUE TO BELOW AVERAGE RATE
GENERAL SALES AND GROSS RECEIPTS	\$	\$ 157,932,000
SELECTIVE SALES AND GROSS RECEIPTS		
ALCOHOLIC BEVERAGES	28,078,000	
TOBACCO PRODUCTS		58,843,000
INSURANCE	5,085,000	
PUBLIC UTILITIES	79,485,000	
OTHER		23,787,000
STATE DEATH AND GIFT		2,838,000
GENERAL PROPERTY		591,051,000
INDIVIDUAL INCOME	10,946,000	
CORPORATE INCOME		14,345,000
STATE ALCOHOLIC BEVERAGE LICENSE		3,360,000
MOTOR VEHICLE LICENSE		23,338,000
MOTOR FUELS	37,580,000	
SEVERANCE		9,367,000
TRANSFER		18,213,000
TOTALS	\$ 161,174,000	\$ 903,073,000
NET UNUTILIZED POTENTIAL (EXCESS OF "BELOW AVERAGE" YIELDS OVER "ABOVE AVERAGE" YIELDS)	+ \$	741,900,030

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TABLE 29

UTILIZATION OF STATE AND LOCAL TAX ABILITY,
SOUTH CAROLINA, 1977

TYPE OF TAX	AMOUNT COLLECTED DUE TO ABOVE AVERAGE RATE	AMOUNT COLLECTED DUE TO BELOW AVERAGE RATE
GENERAL SALES AND GROSS RECEIPTS	\$ 18,344,000	\$
SELECTIVE SALES AND GROSS RECEIPTS		
ALCOHOLIC BEVERAGES	45,243,000	
TOBACCO PRODUCTS		15,316,000
INSURANCE	2,491,000	
PUBLIC UTILITIES		10,462,000
OTHER		8,200,000
STATE DEATH AND GIFT		8,816,000
GENERAL PROPERTY		300,541,000
INDIVIDUAL INCOME		88,514,000
CORPORATE INCOME		827,000
STATE ALCOHOLIC BEVERAGE LICENSE	431,000	
MOTOR VEHICLE LICENSE		33,636,000
MOTOR FUELS	4,165,000	
SEVERANCE		5,813,000
TRANSFER		1,612,000
TOTALS	\$ 673,000	\$ 473,738,000
NET UNUTILIZED POTENTIAL (EXCESS OF "BELOW AVERAGE" YIELDS OVER "ABOVE AVERAGE" YIELDS)	\$	403,065,000

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TABLE 30

UTILIZATION OF STATE AND LOCAL TAX ABILITY,
TENNESSEE, 1977

TYPE OF TAX	AMOUNT COLLECTED DUE TO ABOVE AVERAGE RATE	AMOUNT COLLECTED DUE TO BELOW AVERAGE RATE
GENERAL SALES AND GROSS RECEIPTS	\$ 318,294,000	\$
SELECTIVE SALES AND GROSS RECEIPTS		
ALCOHOLIC BEVERAGES	32,718,000	
TOBACCO PRODUCTS	7,969,000	
INSURANCE	6,136,000	
PUBLIC UTILITIES	35,271,000	
OTHER	8,450,000	
STATE DEATH AND GIFT	11,459,000	
GENERAL PROPERTY		422,927,000
INDIVIDUAL INCOME		560,817,000
CORPORATE INCOME		9,308,000
STATE ALCOHOLIC BEVERAGE LICENSE		2,045,000
MOTOR VEHICLE LICENSE	13,441,000	
MOTOR FUELS		15,718,000
SEVERANCE		16,751,000
TRANSFER	2,478,000	
TOTALS	\$ 436,215,000	\$ 1,027,566,000
NET UNUTILIZED POTENTIAL EXCESS OF "BELOW AVERAGE" YIELDS OVER "ABOVE AVERAGE" YIELDS		\$ 591,352,000

ALL NOTES AND FOOTNOTES ARE ON PAGE 108.

TABLE 31
UTILIZATION OF STATE AND LOCAL TAX ABILITY,
TEXAS, 1977

TYPE OF TAX	AMOUNT COLLECTED DUE TO ABOVE AVERAGE RATE	AMOUNT COLLECTED DUE TO BELOW AVERAGE RATE
GENERAL SALES AND GROSS RECEIPTS	\$	\$ 109,739,000
SELECTIVE SALES AND GROSS RECEIPTS		
ALCOHOLIC BEVERAGES		1,615,000
Tobacco Products	81,128,000	
INSURANCE		6,434,000
PUBLIC UTILITIES	122,093,000	
OTHER	261,240,000	
STATE DEATH AND GIFT		37,467,000
GENERAL PROPERTY		569,399,000
INDIVIDUAL INCOME		2,011,112,000
CORPORATE INCOME		570,191,000
STATE ALCOHOLIC BEVERAGE LICENSE		1,230,000
MOTOR VEHICLE LICENSE		4,326,000
MOTOR FUEL		237,909,000
TELEPHONE	261,525,000	
TRANSFER		47,499,000
TOTALS	\$ 725,986,000	\$ 3,596,921,000
NET UNUTILIZED POTENTIAL (EXCESS OF "BELOW AVERAGE" YIELDS OVER "ABOVE AVERAGE" YIELDS)		\$ 2,870,935,000

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TABLE 32

UTILIZATION OF STATE AND LOCAL TAX ABILITY,
VIRGINIA, 1977

TYPE OF TAX	AMOUNT COLLECTED DUE TO ABOVE AVERAGE RATE	AMOUNT COLLECTED DUE TO BELOW AVERAGE RATE
GENERAL SALES AND GROSS RECEIPTS	\$	\$ 284,809,000
SELECTIVE SALES AND GROSS RECEIPTS		
ALCOHOLIC BEVERAGES	41,038,000	
TOBACCO PRODUCTS		52,815,000
INSURANCE	5,141,000	
PUBLIC UTILITIES	109,460,000	
OTHER	28,642,000	
STATE DEATH AND GIFT		18,364,000
GENERAL PROPERTY		448,461,000
INDIVIDUAL INCOME		104,049,000
CORPORATE INCOME		72,806,000
STATE ALCOHOLIC BEVERAGE LICENSE		2,606,000
MOTOR VEHICLE LICENSE	10,479,000	
MOTOR FUELS	36,098,000	
SEVERANCE		51,662,000
TRANSFER	5,163,000	
TOTALS	\$ 236,022,000	\$ 1,035,572,000
NET UNUTILIZED POTENTIAL EXCESS OF "BELOW AVERAGE" YIELDS OVER "ABOVE AVERAGE" YIELDS)		+\$ 799,550,000

ALL NOTES AND FOOTNOTES ARE ON PAGE 108.

TABLE 33

UTILIZATION OF STATE AND LOCAL TAX ABILITY,
WEST VIRGINIA, 1977

TYPE OF TAX	AMOUNT COLLECTED DUE TO ABOVE AVERAGE RATE	AMOUNT COLLECTED DUE TO BELOW AVERAGE RATE
GENERAL SALES AND GROSS RECEIPTS	\$ 176,466,000	\$
SELECTIVE SALES AND GROSS RECEIPTS		
ALCOHOLIC BEVERAGES	6,434,000	
TOBACCO PRODUCTS	1,479,000	
INSURANCE	2,882,000	35,585,000
PUBLIC UTILITIES		
OTHER	39,486,000	
STATE DEATH AND GIFT		4,299,000
GENERAL PROPERTY		248,554,000
INDIVIDUAL INCOME		93,992,000
CORPORATE INCOME		50,007,000
STATE ALCOHOLIC BEVERAGE LICENSE	384,000	
MOTOR VEHICLE LICENSE	5,255,000	
MOTOR FUELS	4,951,000	112,111,000
SEVERANCE		3,808,000
TRANSFER		
TOTALS	\$ 237,338,000	\$ 548,356,000
NET UNUTILIZED POTENTIAL (EXCESS OF "BELOW AVERAGE" YIELDS OVER "ABOVE AVERAGE" YIELDS)		\$ 311,019,000

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TABLE 34

AVERAGE TAX RATES*

<u>Tax Source</u>	<u>1975</u>	<u>1976</u>	<u>1977</u>
General Sales and Receipts	\$ 24.83	\$ 24.72	\$ 25.66
Alcoholic Beverage Sales	2.09	1.97	1.86
Tobacco Sales and Receipts	2.84	2.70	2.51
Insurance Sales and Receipts	1.47	1.49	1.63
Public Utility Sales and Receipts	3.60	3.73	3.79
Other Selective Sales	1.24	1.32	1.40
Death and Gift	1.20	1.16	1.27
General Property	43.06	43.08	43.29
Individual Income	22.14	22.83	24.50
Corporate Income	6.03	6.01	6.95
Alcoholic Beverage License	0.12	0.12	0.12
Motor Vehicle License**	29.77	32.65	33.49
Motor Fuels***	62.61	65.27	66.75
Severance****	57.27	43.79	46.62
Transfer	0.48	0.48	0.58
ALL TAXES	\$119.58	\$119.73	\$122.88

* Dollars per \$1,000 of personal income unless otherwise designated.

** Based on the number of registered vehicles.

*** Based on gallons of consumption of motor fuels on highways.

**** Based on dollars per \$1,000 of severed products.

SOURCE: 1977 rates computed from data in Tables 1-11 of this report; 1975 and 1976 data from Kenneth E. Quindry and Niles Schoening, State and Local Revenue Potential, 1976 (Atlanta: Southern Regional Education Board, 1976), p. 121.

NOTES AND SOURCES FOR TABLES

TABLE 1

The 27 states having local taxes in addition to state taxes are designated in Table 0.

SOURCE: Population, U.S. Bureau of the Census, Census of Population, Current Population Reports, Series P 25, No. 727, July 1978, Table 3; Personal Income, U.S. Bureau of the Census, Bureau of Economic Analysis, Survey of Current Business, August 1978, Table 1; Collection Data, U.S. Department of Commerce, Governmental Finances in 1976-77, Series GF76, No. 5, Tables 17 and 21; U.S. Department of Commerce, State Government Finances in 1977, Series GF77, No. 3, Tables 7 and 16; and U.S. Department of Commerce, Governments, unpublished data on selected local taxes.

TABLE 2

Contributions from state-owned liquor stores are included in taxes for 17 states. See designations on page 39. Net profits of municipally-owned liquor stores in Minnesota, North Carolina and South Dakota are not included.

SOURCE: See citation for Table 1.

TABLE 3

SOURCE: See citation for Table 1.

TABLE 4

SOURCE: See citation for Table 1

TABLE 5

Local business net income taxes are included in the individual income tax columns. In computing the average rate, states not using a broad-based tax (Connecticut, New Hampshire, and Tennessee) as well as states not using the tax were excluded. In addition to state taxes, 11 states reported revenue from local impositions. See page 36.

SOURCE: See citation for Table 1.

TABLE 6

SOURCE: See citation for Table 1.

NOTES AND SOURCES FOR TABLES
(Continued)

TABLE 7

Local motor vehicle license tax collections were reported in 28 states.
See page 41.

SOURCE: See citations for Table 1; and The World Almanac and Book of Facts, 1978 (New York: Newspaper Enterprise Association, Inc., 1977), p. 122.

TABLE 8

Data in Alabama, Arkansas, Hawaii, Illinois, Mississippi, Nevada, and New York include local collections.

SOURCE: See citations for Tables 1 and 7.

TABLE 9

SOURCE: See citation for Table 1; U.S. Department of the Interior, Minerals Yearbook, 1974, Volume 1 (Washington: U.S. Government Printing Office, 1976), Table 4; U.S. Department of Commerce, Current Fishery Statistics, Fisheries of the United States, 1977, No. 7500 (Washington: U.S. Government Printing Office, April 1978), p. 4; and U.S. Bureau of the Census, Census of Agriculture, 1974, Volume 1, Part 51, General Report Value of Products by Economic Class Contracts, Chapter 2 (Washington: U.S. Government Printing Office, 1977), Table 8.

TABLE 10

New York and Texas were excluded in the computation of the average rate.

Local realty transfer tax in city of Wilmington, Delaware, is levied at a rate of 1 percent.

Local tax in New York City transfers of real property where consideration is over \$25,000.

Local taxes are authorized in Pennsylvania. Over 1,000 school districts and 850 other units impose this tax.

Tax in Indiana is restricted to corporations subject to gross income tax.

NOTES AND SOURCES FOR TABLES
(Continued)

A local tax is authorized in Ohio, South Carolina, West Virginia, and California.

City of Baltimore, Maryland, and specified counties are authorized to levy this tax.

Virginia counties and cities may levy a tax of one-third the state tax.

In Washington, a county tax is authorized and employed in all 39 counties on real estate at a 1 percent rate.

SOURCE: See citation for Table 1; and Advisory Commission on Intergovernmental Relations, State-Local Finances: Significant Features and Suggested Legislation, 1972 Edition (Washington: U.S. Government Printing Office, 1972), Table 112.

TABLE 11

SOURCE: See citation for Table 1; and Tables 1-10, this report.

TABLE 12

SOURCE: See Tables 1-10, this report.

TABLE 13

SOURCE: See Tables 1-11, this report.

TABLE 14

SOURCE: See citation for Table 1; and Henry J. Frank, "Measuring State Tax Burdens," National Tax Journal, Vol. XXI, June 1959, p. 183.

TABLE 15

SOURCE: Department of the Treasury, Internal Revenue Service, Statistics of Income, Individual Income Tax Returns, 1975 (Washington: U.S. Government Printing Office, December 1977), Table 5.4.

NOTES AND SOURCES FOR TABLES
(Continued)

TABLES 16-33

SOURCE: See citation for Tables 1, 7 and 9, this report.

TABLES 34

Computed from data in Tables 1-11.

METHODOLOGICAL NOTES

Introduction

This is the eleventh in a series of reports on state and local tax effort (collections) and ability (potential) published by the Southern Regional Education Board (SREB). The purpose of the reports is to estimate the relative tax collecting ability of the states and their subdivisions and also the relative utilization of their taxable resources. The methodology utilized was conceived by Professor James W. Martin at the University of Kentucky. He prepared a similar report for the SREB states in 1957. His methodology was subsequently adopted and has remained almost unchanged in this SREB series of annual reports. The survey, however, was expanded to include all states and the District of Columbia.

The emphasis is on estimating and comparing (a) the ability of state and local governments to collect taxes--the taxable resources (Maps 3 and 4) and (b) the tax performance--collections or effort (see Maps 1 and 2), and relation of tax effort to tax ability. It was the realization of widespread differences in taxable resources, the utilization of the resources and the resulting differences in the adequacy and level of public services that led Professor Martin and SREB to provide the first analysis. They recognized that many states with below-average service levels also had below-average tax efforts.

The reports' value lies in their wealth of data on tax ability and effort and the opportunity provided for public officials to compare and evaluate

MAP 3

STATE AND LOCAL PER CAPITA TAX ABILITY IN FISCAL 1977



SOURCE: Table 18 of this report.

MAP 4

STATE AND LOCAL TAX ABILITY PER \$1,000 OF PERSONAL INCOME IN FISCAL 1977



SOURCE: Table 18 of this report.

their state's performance. Through the reports, states are made aware of the norms in state and local tax performance. While the performance for each tax is measured against national averages, it is not intended to suggest that a state should alter its tax efforts or restructure its tax system. Different economic, political and social circumstances require different emphases on particular taxes and even on tax levels.

Following the 1974-75 economic recession, state and local tax revenues increased dramatically; in many cases revenue expansion outpaced expenditure growth and state surpluses are again significant in several states.⁹ Legislative tax activity reflects this much improved budgetary position. Many of the actions in 1977 and 1978 were aimed particularly at remodeling tax systems and not at increasing revenue.¹⁰ Many measures were aimed at adjusting taxes on natural resources, rearranging tax burdens or providing incentives to promote energy sources or economic development.

Despite the tax increase slowdown in 1977 and the tax-cutting mood of 1978, tax collections will continue to grow as the nation's economy grows.

9. The U.S. Bureau of the Census reported that state government revenue exceeded spending, \$13.3 billion in 1977. In 1976 and 1975, the comparable figure was \$1 billion and -\$1.8 billion, respectively. State Tax Review, Commerce (Saring House, Vol. 39, No. 44, October 31, 1978, p. 1.

10. The Tax Foundation, Inc. estimates that the new 1977 laws would raise state taxes less than one-half billion dollars annually--about half as much as was approved in 1976. Tax Review, Vol. XXXVIII, No. 10, October 1977, p. 1. The Foundation further estimated that measures pending in 1978 legislatures as of March 1978 would reduce state taxes by about \$90 million annually. Tax Review, Vol. XXXIX, No. 3, March 1978, p. 1. Other tax reduction actions have been initiated since that time. New tax collections can be expected to increase because of significant increases in the nominal tax bases.

The ability of the states and their subdivisions to collect taxes will change along with economic activity. Overall state tax effort can be expected to stabilize or decline mildly, but the results will not necessarily be evenly distributed among the states. The real growth in taxes (adjusted for inflation) is likely to be minimal in the next two years because of slower economic growth nationally.

This series of SREB reports has revealed substantial and growing underutilization of tax ability in many states. Tax underutilization has been especially prevalent in the SREB states, despite a growing trend toward a more uniform distribution of tax ability and effort throughout the country.

The trend toward homogeneity in ability to collect taxes as measured by personal income is demonstrated in recent SREB reports and substantiated in a forthcoming ACIR report.¹¹ However, the momentum of change may be weakening. The ACIR report will show that the Southeast, the Southwest, and the West have increased their share of the nation's personal income dramatically in recent years, while declines have been registered in the Middle Atlantic, the Great Lakes, and the Great Plains regions.

In 1977, twenty-five states were within 10 percent of the U.S. average per capita personal income growth rate. The highest state was Maryland (114 percent) and the lowest Mississippi (72 percent). The highest and lowest

11. The statistics presented here from the forthcoming report are from James C. Hyatt, "Rethinking the Sunbelt's Rise," The Wall Street Journal, October 6, 1978. The report will be published by the Advisory Commission on Intergovernmental Relations, Washington, D.C., and will argue primarily that the states are growing more alike in wealth and income.

in 1959 were Connecticut (126 percent) and Mississippi (56 percent). Regional variations from the average were, from highest to lowest, the West (111 percent) to the Southeast (86 percent) in 1977, and the West (118 percent) to the Southeast (74 percent) in 1959.

The ACIR report will also state that from 1940 to 1977 the Middle Atlantic states' share in personal income declined from 30.5 percent to 21.3 percent, while that of the Southeast increased from 13.2 percent to 19.4 percent. The shifts are caused by different growth rates, not actual declines in any region.

Comparisons With Earlier Reports--Definition of Terms

The basic methodology used in this report is identical to that used in earlier reports. As in the previous reports, the basic data are in Tables 1-12 and further analyzed in other tables. The table format has been streamlined, but the basic comparisons have been retained.

Despite the fact that the methodology remains unchanged, the terminology has been altered. Throughout this 1977 report, the terms "ability" and "effort" have been substituted for "potential" and "collections" in order to conform to current practices in discussing these concepts. However, no change in definition is implied.

As in previous reports, a tax is overutilized if its computed ability¹² as a revenue producer is exceeded. A tax is underutilized if it produces

12. As explained later, ability is a relative term denoting the use of the average tax rate for states using the tax. A tax is overutilized if an above-average rate is used.

revenues less than its computed ability. A portion of its ability is utilized and a portion remains unutilized.

There have been a few changes in the table computations and the numeration of the tables. Overutilization as well as underutilization was computed for the first time in Tables 1-12. The overutilized portion of the tax base is identified by a minus (-) sign and underutilization by the absence of a sign. The regional and 50-state totals, then, reflect net over- and underutilization rather than gross underutilization previously reported.

Tables which appeared in earlier reports as 13 to 17 were removed from the 1977 report and subsequent tables renumbered. A new table (Table 19) was added to reflect the use of nontax revenue from own sources by the states and their subdivisions. Ability and effort for charges and miscellaneous revenues were estimated as were the individual taxes, using personal income as the common denominator of ability.

For purposes of this report, ability is defined broadly to include total taxable resources (economic activity and wealth) within the jurisdictions disregarding constitutional and statutory restrictions or social policy limitations.¹³ If a taxable resource is physically within a unit's jurisdiction, it represents tax ability. Ability is stated in terms of revenues that could be raised by applying a set of uniform rates to the various tax bases in the states. Even with relaxed legal restrictions on measuring ability, artificial barriers in the form of social values or policy decisions seriously limit the

13. This definition is in contrast to a narrow definition that limits ability to taxable resources constitutionally and statutorily available to the jurisdictions.

productivity of some taxes (e.g., alcoholic beverage and gambling taxes).

State and local tax effort is defined as the extent of use of the tax ability or in terms of collections. The basic effort (collection) data are standardized by using the classification of taxes used by the U.S. Bureau of the Census. Effort and ability initially are compared in total dollars. Finally, the percentage of ability utilized and unutilized is also reported for each state.

This report represents an effort/ability study and not a resident burden/capacity study. No attempt was made to measure the capacity of citizens to pay taxes or the burdens placed on their individual taxable resources. All states export taxes through interstate economic transactions, thus reducing the burdens on citizens below the effort as it relates to taxable resources within the state. By the same token, all states import taxes. Some states are net tax exporters, thus reducing the burdens on their citizens substantially. Other states are net tax importers and burdens are higher than jurisdictional effort. There is currently no reliable data on interstate tax flow. This report makes no effort to evaluate them.

The tax revenues of the alcoholic beverage and public utility selective sales taxes are augmented by the net profits of state-owned liquor stores and municipal utilities, respectively. These profits are assumed to be in lieu of taxes usually imposed on similar private enterprises.

Methodology

The approach used in estimating and evaluating ability and effort of the states and their subdivisions is essentially a representative tax

system approach. The basic effort data were tax collections as classified and reported by the U.S. Bureau of the Census.¹⁴ A proxy base was selected for each of 15 major taxes and a set of uniform average rates was computed.¹⁵ Ability was estimated by applying the average rates in every state to each state's proxy tax bases. If a state were to apply the full complement of average rates, its tax effort would just be equal to its tax ability. States underutilize (overutilize) ability if rates are below (above) average. In this respect, ability is a relative concept denoting average taxation. A state's tax ability is equal to its aggregate ability from the 15 major taxes and minor amounts from taxes for which ability was not individually estimated.

In short, the statistical techniques used in Tables 1-10 consist of the following steps:

- (1) A uniform set of average tax rates was computed.
- (2) The average rates were multiplied by the appropriate proxy tax base in each state. The product represents tax ability.
- (3) Effort was subtracted from ability. The difference represents the performance level--over- or underutilization in dollar amounts.

14. State tax collections are reported by the Bureau of the Census by state and by source. Local property taxes, income taxes, and general sales taxes are reported by state. Other local taxes are published by source but not by state. These taxes are allocated to states with the help of sample data supplied by the Bureau of the Census.

15. Thus the rate is equal to the aggregate collections divided by the aggregate representative base for all states using each tax. If a particular state does not use a tax, it is eliminated in computing the average rate. The set of uniform rates employed in this study is listed in Table 34.

The most common and appropriate proxy tax base used in estimating ability was fiscal year personal income as reported by the U.S. Bureau of the Census. The average tax rate was expressed in terms of dollars of taxes per \$1,000 of personal income, and this rate was applied to each state's personal income. An alternative proxy base was used in some cases for which a more reliable measure was available.¹⁶ For severance taxation a more reliable base is the value of natural resources severed from the land and waters of the state. The number of motor vehicles registered and the gallons of fuels taxed were more appropriate for estimating taxes from motor vehicle licenses and fuels, respectively.

16. Personal income may not be in all cases the best proxy for estimating property and corporation tax ability. It performs ideally only if the state's economy is fairly well-balanced between farming and commercial and industrial activities. Regions heavy in farming tend to have their potential for property tax collections increased and regions heavy in manufacturing, to have theirs decreased if farm income, nonfarm income, and dollars of taxes per manufacturing employee are given equal weight. By this measure the potential in the New England, Middle Atlantic and the Pacific regions would be reduced (compared with using personal income alone) and the North Central region's potential would be increased. No significant change would occur in the SREB and the Mountain regions.

Currently, there is no "best" allocation for these taxes; other researchers have relied on wages (payrolls), wage earners, sales, property or such for corporations-based taxes. There is, however, no reliable state distribution of these alternative allocations and no assurance that they accurately reflect taxable profits or property. Some researchers have isolated property taxes by type of property (farm, industrial and commercial, residential, public utility, inventories, land and structures, equipment) but again the measures and allocators are questionable.

Some Guides in Utilizing the Report

The diverse geographic and economic character of the United States provides for nonuniform tax bases among the states. For example, a few states with extensive mineral resources, fisheries, and forests can use severance taxes productively; others, poor in these resources, cannot. A few states can tax the tourist industry profitably (California, Florida, and Nevada, especially) because of particular climatic, social and topographical characteristics.

Other factors accounting for variety among state tax structures are differences in the participation of the population in certain activities (e.g., the disinclination to consume alcoholic beverages or to participate in gambling activities) or of the public officials' reluctance to tax such activities. Such differences, however, are crumbling in the face of new revenue needs. Nevada has long exploited its gambling industry. With the adoption of state lotteries in Illinois and Delaware in 1974 and in Vermont in 1977, 14 states now employ lottery or gambling taxes.¹⁷ Horse racing is legalized in 31 states, dog racing in 11, and jai alai in five.

Tax effort is also influenced by the dependence on taxes from regressive sources.¹⁸ Table 13 lists the percentage of taxes by major sources.

17. New Jersey adopted Casino gambling (Atlantic City) in 1977. Efforts to extend gambling were defeated at the polls on November 7, 1978, in Florida, New Jersey, and Virginia.

18. A tax is progressive if the percentage of income paid in taxes increases as income increases. It is regressive if the tax liability as a percentage of income increases as taxpayer income declines.

Some states depend heavily on regressive sales and property taxes, others, on taxes based on income. Taxes based on income are generally considered to be less of a burden on a population since they are generally progressive, while taxes based on sales and property are generally regressive.¹⁹

It may be more difficult to justify a tax increase in states where net overutilization of the total tax system is evident, especially if a large share of the higher tax burden can be expected to fall on the low income taxpayer (increasing a regressive tax or if the distribution of income is skewed toward the lower end of the income scale).

The average level and the distribution of personal income, as well as total income, influence tax potential and the level of effort a population is willing to bear. Column 4 of Table 14 provides an effort ranking which borders on an aggregate burden ranking. In simple terms, this ranking implies that a tax effort equal to 10 percent of personal income is a greater burden if average income is low rather than high. Data in Table 15 are also important in measuring the distribution of taxpaying capacity.

Tax effort is influenced by the dependence which a jurisdiction places on nontax revenues and on federal grants-in-aid and shared taxes. The states' experience in these areas are listed in columns 2 and 3 of Table 14. These data may help to explain state differences in tax efforts. Data in Table 16

19. That is, the declining marginal utility theory of money would hold that a regressive tax would be assessed more heavily against dollars of high utility than against dollars of low utility.

show the net over- or underutilized potential for all states and the District of Columbia. Also presented in this table is the percentage of tax ability utilized. The utilized and unutilized ability in terms of per capita and per \$1,000 of personal income is presented in Table 18.

Finally, the study does not mean to imply that each state should maintain its current level of taxation from sources that it is overutilizing and still increase collections from sources that it is underutilizing, or that it should introduce taxes not now being used. Taxpayers paying high taxes of one type (e.g., consumption) would have their capacity to pay other taxes (e.g., income on property) seriously impaired. A review of net over- or underutilization in conjunction with the urgency of public expenditures is perhaps appropriate in establishing tax levels.

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